



Icon Water Limited

**Modified Statement of
Corporate Intent**

2014–15 to 2017–18

ABN 86 069 381 960

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1. Managing Director's message

Since the "ACTEW Corporation Limited", now Icon Water Limited, Statement of Corporate Intent 2014–15 to 2016-17 (SCI) was tabled in the ACT Legislative Assembly in early June 2014, there have been some significant changes, which has necessitated the modification of our SCI.

On 4 June 2014, I announced proposed changes to the organisational structure with a new executive team to focus on the ongoing strategic direction of the organisation. Icon Water Limited (Icon Water) needed a framework that would provide the ability to better respond to operational challenges and have the capacity for improved long term asset management and business planning in 2014–15 and beyond. These organisational changes are detailed in this Modified SCI on page 7.

The new executive team commenced strategic planning activity in mid-July 2014. This involved analysing our current operating environment, including challenges, and re-evaluating our strategic objectives going forward. These strategic objectives were considered by the Board at its strategic planning day in early September 2014. In light of the revised strategic objectives, our key activities and performance measures and targets have been reviewed.

In addition to the changes outlined above, significant progress has been made on resolving the brand confusion between "ACTEW" and ActewAGL, with the announcement of our new name, Icon Water, on 31 October 2014. The importance of this work has now been highlighted as one of our four key strategies in this Modified SCI.

We continue to face regulatory uncertainty and await the outcomes of the review of the ICRC's Price Direction for Regulated Water and Sewerage Services by the independent industry panel. As review outcomes are unknown, the forecasted financial statements in our original SCI remain unchanged.

I look forward to continuing to work closely with the Icon Water Board, the Executive team and all of the committed staff at Icon Water during the year ahead.



John Knox
Managing Director, Icon Water Limited

17 November 2014

2. Overview

Icon Water Limited (Icon Water) undertakes two primary activities: delivery of water, sewerage and associated services; and managing the investment in the energy business, ActewAGL. This Modified Statement of Corporate Intent (Modified SCI) outlines how Icon Water intends to go about undertaking those activities.

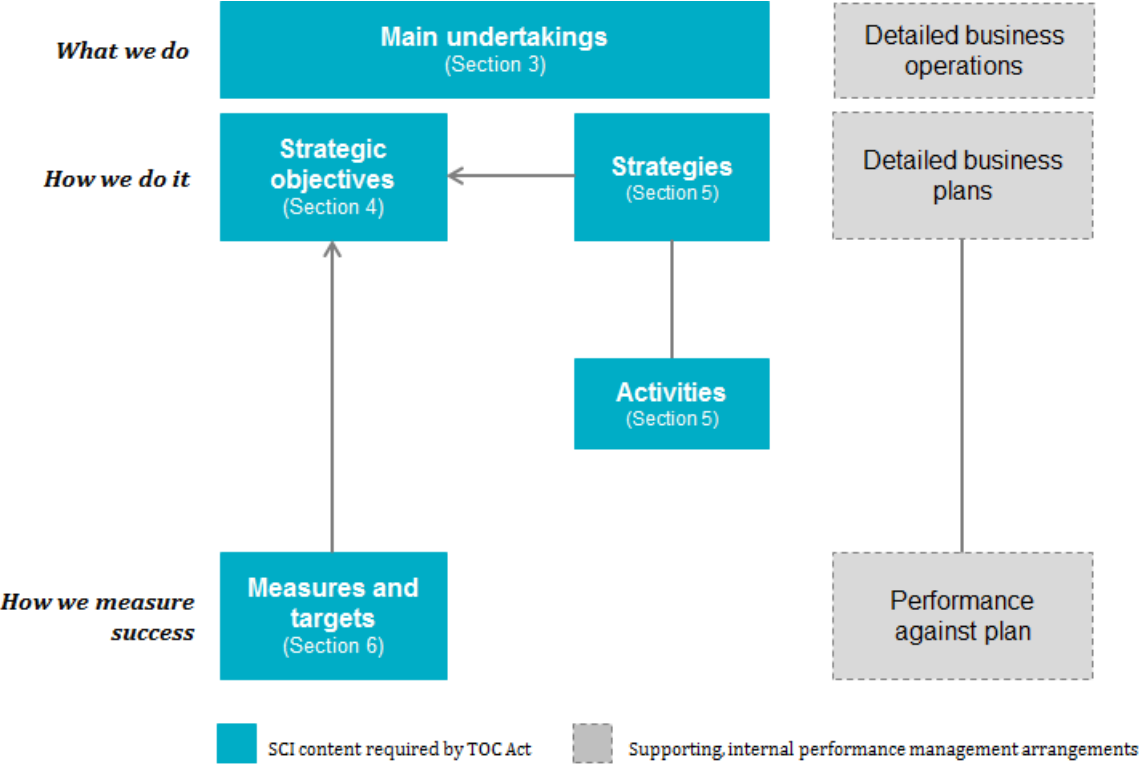
Over the period 2014–15 to 2017–18, Icon Water will pursue four strategic objectives through strategies relating to:

- culture
- asset management
- brand
- financial management.

We have identified performance measures and targets to enable monitoring and reporting against achievement of strategic objectives. These are included in this Modified SCI. In addition, we have a range of internal performance management arrangements, including detailed business plans, which support us in monitoring achievement of objectives and performance against plan.

Structure of this document

This SCI has been prepared in accordance with the *Territory-owned Corporations Act 1990 (ACT)* (the TOC Act). It contains the five elements specified in the TOC Act along with relevant additional information. These elements are contained in Sections 2 to 5, as shown below. In addition, Icon Water’s performance management framework requires supporting plans, performance monitoring and reporting activities.



3. Main undertakings

Primary activities

Icon Water undertakes two primary activities.

First, we deliver water, sewerage and associated services. We own and operate the ACT's network of dams, water treatment plants, sewerage treatment plants, reservoirs, water and sewerage pumping stations, mains and other related infrastructure. We consistently deliver safe drinking water and reliable sewerage services to a community of over 367,000 ^[1] people.

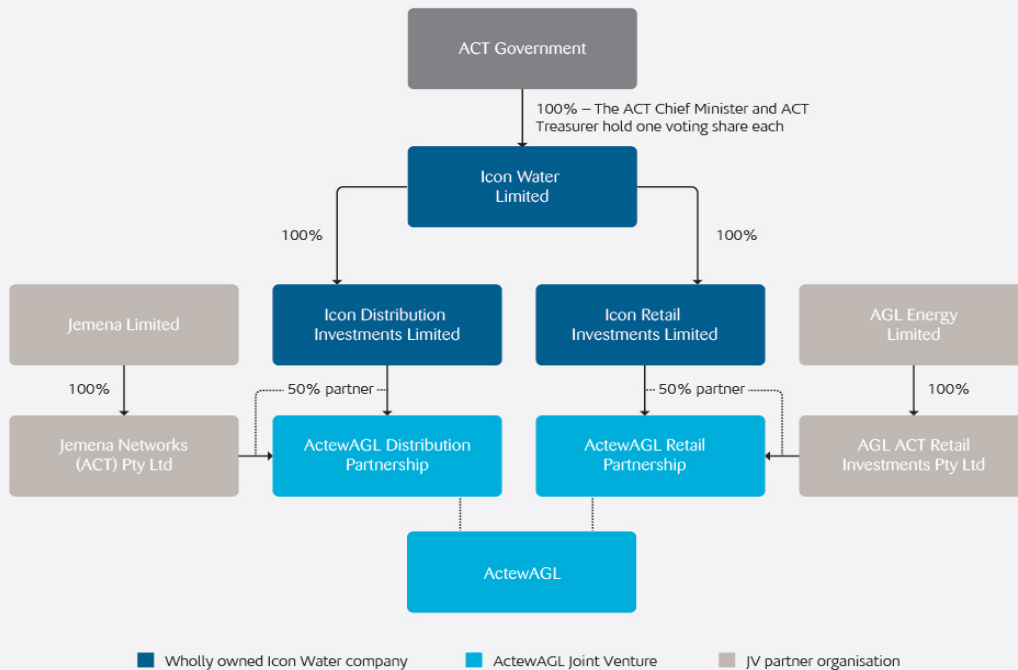


Second, Icon Water is a 50% partner in ActewAGL. ActewAGL consists of two partnerships:

- ActewAGL Distribution which owns and operates the electricity network in the ACT and the gas network in the ACT, Shoalhaven and Queanbeyan regions; and
- ActewAGL Retail which sells electricity and gas to its retail and commercial customers in the ACT and surrounding region (including Goulburn, Boorowa, Yass, Young, and Shoalhaven).

^[1] Australian Bureau of Statistics

Ownership structure



Note (Jemena Limited Ownership): In January 2014 State Grid Corporation of China purchased a 60 per cent interest in Jemena Limited, with Singapore Power International retaining 40 per cent.

Icon Water's approach to managing its investment in ActewAGL is founded upon the following principles:

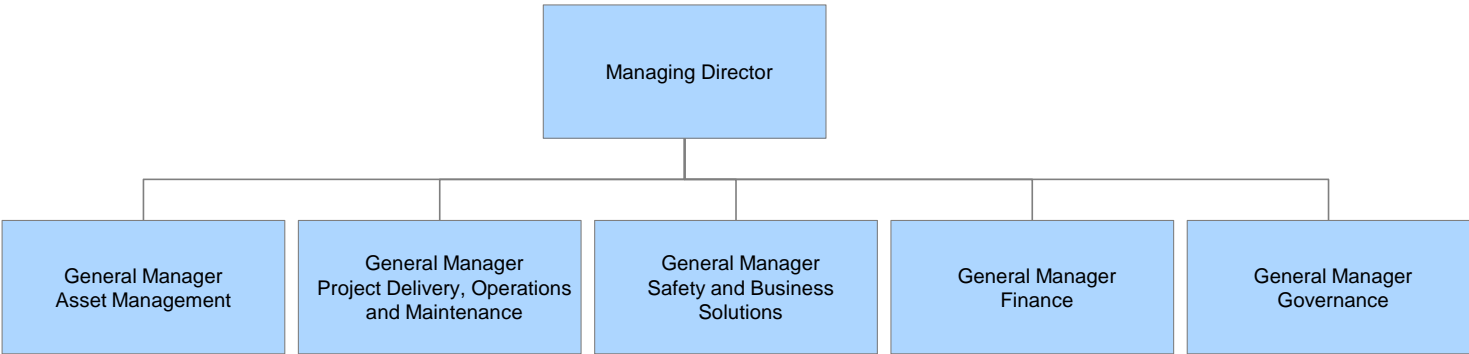
1. Icon Water should at all times be an active and informed investor in ActewAGL. To this end, ActewAGL's Joint Venture Partnerships Board consists of six members, three of whom are Icon Water appointees; and
2. The investment should deliver benefits to Icon Water which are consistent with Icon Water's main objectives under the TOC Act.

Organisational structure

Changes to the organisational structure were announced on 4 June 2014. These changes introduced a realignment of current business areas into the following five groups (as shown in the diagram below):

- Asset Management (combining the water and sewerage groups)
- Project Delivery, Operations and Maintenance
- Safety and Business Solutions
- Finance
- Governance.

General Managers for the above five groups were appointed in June and July 2014. Icon Water's executive management structure is shown below.



4. Strategic objectives

TOC Act objectives

Pursuant to Part 2: Section 7(1) of the TOC Act, Icon Water has four equally important main objectives:

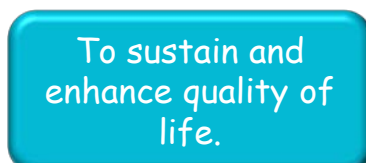
- **Efficiency:** Operate at least as efficiently as any comparable business
- **Sustainable return:** Maximise the sustainable return to our shareholders on the investment in Icon Water
- **Social responsibility:** Show a sense of social responsibility by having regard to the interests of the community in which we operate, and by trying to accommodate and encourage those interests
- **Ecologically sustainable development:** Effective integration of environmental and economic considerations in decision-making processes.

These TOC Act objectives provide a foundation upon which we conducted strategic planning.

Core purpose and values

Core purpose

Icon Water's core purpose describes the fundamental reason for its existence. The core purpose provides a stable reference point, inspires organisational change and reflects the idealistic motivation of staff to do their work. Our core purpose, shown below, remains fixed while our business strategies and practices continuously adapt to a changing environment



To sustain and
enhance quality of
life.

Core values

Our core values reflect the valued behaviours which guide how we conduct our business and treat others. They are:

- **Safety** - accepting personal responsibility to ensure a safe workplace and contribute to a safe community.
- **Excellence** - involving the right people at the right time to get a result we can be proud of.
- **Openness** - acting with integrity while being receptive to the views of others to build strong relationships with stakeholders.

Strategic goal and objectives

Icon Water’s strategic planning takes account of two timeframes:

- long term - out to about 8–10 years, reflected in our strategic goal
- medium term - 3–5 years, reflected in our strategic objectives.

Strategic goal

Our strategic goal (shown below) represents an ambitious, long term outcome to be achieved through coordinated collective effort from across Icon Water.

The premier, most trusted water utility by 2022.

Strategic objectives

Our strategic objectives (shown below) represent medium term outcomes to be achieved through specific strategic and actions.

A culture that protects, engages and develops our people.	To excel at asset management.
Established as a trusted brand, with brand equity.	Improved financial returns and reduced gearing.

5. Strategies and activities

Strategies describe the general approach to be taken to achieve our strategic objectives over the period 2014–15 to 2017–18. Four strategies are outlined below, along with key activities to be undertaken for each strategy during 2014–15. In addition (and separate to this SCI) Icon Water's performance management framework includes the development of detailed business plans at multiple levels, including in relation to corporate strategies.

Culture strategy

To achieve a culture that protects, engages and develops our people Icon Water will continue to implement the *Work, Health and Safety Strategy 2014–16* (the WHS Strategy) and develop and implement a People Strategy.

The WHS Strategy aims to move Icon Water beyond being compliance driven, to provide a safety management approach that allows people to be engaged in the management of work, health and safety (WHS) risks at the level they have the greatest influence. This will require a shift in safety management from one of compliance to that of a risk based approach which engages, empowers and holds each individual to account for the delivery of leading-practice outcomes.

The leaders of each group are tasked with personally leading the implementation of this strategy within their respective business units. They are required to clearly communicate expectations, and model and reinforce required safety behaviours and the link between safety leadership performance and career opportunities.

The Icon Water safety team is responsible for providing guidance, researching and collecting information from internal and external sources to identify where best practices exist and mentoring and coaching Icon Water personnel.

The aim of the People Strategy is to develop and define initiatives relating to:

- continuing the **organisational culture** change
- developing the **capability** of our people
- effective **employee relations**
- continuously improving the **performance** of our people
- enhancing the motivation and direction of our people through **communication and engagement**.

Key activities for 2014–15

Key activities for 2014–15 in the WHS Strategy include:

- Cultivating an empowered WHS culture that engages, collaborates and innovates through:
 - benchmarking work health and safety performance;
 - building safety leadership skills; and
 - developing and promoting a safety recognition program.
- Structuring our WHS management systems to take into account varying business needs.
- Ensuring Icon Water confronts and manages safety risks at the correct levels through:
 - conduct of risk assessments;
 - training and educating our people in the WHS obligations for their position;

- capturing lessons learnt and delivering continuous improvement of behaviour, process and practice; and
- ensuring procurement processes deliver the safest outcomes.

Key activities for 2014–15 for the People Strategy include:

- Development of a leadership framework. The framework will provide a standard for senior level selection and development against which senior level performance can be measured. The leadership framework will assist in:
 - understanding the capabilities and behaviours expected of Icon Water leaders;
 - identifying specific capabilities that are critical at various levels across the organisation; and
 - describing those leadership behaviours and capabilities that individuals, teams, groups and the organisation requires in order to develop a systematic approach to learning and development across Icon Water.
- Development of a workforce plan, including detailed succession plans and strategies for future resource replacement.
- Implement the revised Icon Water 2014 Enterprise Bargaining Agreement.
- Undertaking a Culture/Engagement Survey and action planning.
- Development of a Learning and Development Technology Plan.

Asset Management strategy

Icon Water must realise the maximum value from its assets in order to deliver consistent high levels of service to our customers and return to our shareholders. Effective asset management – from asset acquisition, through operation and maintenance to asset disposal – enables this. Our water and sewerage services are delivered via assets with a book value of over \$2.0 billion. Icon Water’s physical assets include:

- water treatment plants at Mount Stromlo and Googong;
- the Googong, Cotter, Bendora and Corin Dams;
- the Lower Molonglo Water Quality Control Centre;
- over 6,000 kilometres of water and sewerage pipes;
- the Fyshwick Sewerage Treatment Plant;
- the Murrumbidgee to Googong Water Transfer Pipeline;
- 47 water reservoirs with a total capacity of approximately 930 megalitres; and
- over 50 water and sewerage pumping stations.

In 2014–15 and the three years thereafter, Icon Water will continue to strengthen management of our asset base by:

- Exploring options for improving the asset management and maintenance system. Icon Water will consider options for investing in a new asset management technology platform and processes that will drive further efficiencies in the life-cycle management of our asset base. When completed the system will:

- better align processes, resources and functional contributions to leverage the latest international standards on asset management (ISO 55000:2014 *Asset Management – overview, principles and terminology*);
 - provide improved transparency for asset management decisions; and
 - provide IT solutions to better understand and enhance our use of asset data to inform consistent asset management decisions.
- Updating sustainable asset management plans. Icon Water will update the Asset Management Plans to leverage from the knowledge gained by the implementation of a sustainability framework, a carbon and energy strategy and the adoption of ISO 55000.

Key activities for 2014–15

- Development of a revised asset management framework that will ensure holistic and efficient life-cycle asset management in accordance with ISO 55000:2014 *Asset Management – overview, principles and terminology*.
- Develop a business case for investment in the asset management technology platform.
- Update Asset Management Plans for the following asset classes:
 - Water Reticulation Network and Metering;
 - Service Reservoirs and Water Pump Stations; and
 - Corin Dam and Bendora Dam.

Brand strategy

Work has been undertaken to address the brand confusion between Icon Water and ActewAGL, through consideration of the important characteristics of our brand, customer perceptions, and organisational values, purpose and objectives. Icon Water has undertaken significant research in the rebranding process including customer surveys, workshops, interviews and brand sentiment investigations.

The aim of the brand strategy is to ensure that:

- Icon Water has control of its brand sentiment (stakeholders' perception of brand)
- there is strong alignment between staff attitudes, behaviour and organisational culture
- external stakeholders have a clear and consistent understanding of the brand 'promise' – what our customers can expect for all interactions with our people, products, services and company
- the importance of brand is recognised, accepted and integrated throughout the business
- Icon Water's brand essence is realised in that we are positioned as a trusted, quality and community oriented service provider.

In addition, Icon Water remains committed to developing a customer-centric culture under which we:

- ensure that all work we do adds value to our customers
- better inform our customers on operational and critical issues
- adopt an efficient, consistent, comprehensive, whole-of-organisation approach to customer management.

Key activities for 2014–15

- Select, develop and launch Icon Water's new brand name supported by imagery, colour, typography and taglines.
- Introduce enhancements to the Icon Water website including restructuring the site to improve customer access to important information and online billing processes.
- Review and where appropriate re-engineer the processes for building approval, planning approval, network connections and hydraulic acceptance.
- Review and update the processes for management of restoration works with a focus on improving the quality and timeliness of communication with affected customers.
- Explore options for improving complaint handling processes.
- Develop a strategic stakeholder engagement model, including strategic account management.
- Roll-out including all associated legal issues and logistics (clothing, vehicles, signage).

Financial strategy

Icon Water's Financial Strategy is focused on the following areas:

- Improving profitability leading to strong dividends to shareholders. Net profit after tax (NPAT) is estimated at \$84.3m with profits available for dividends in 2014–15 being estimated at \$81.0m. This dividend is a slight increase of \$5.2m on the prior year forecast and is based on the assumptions incorporated in this report;
- Prudently manage our gearing levels. Icon Water maintains debt levels of \$1.4 billion forecasting to increase to \$1.8 billion in 2018. These consist of long term indexed bonds and medium term notes.
- Sound regulatory pricing outcomes. Pricing for water and sewerage services are set by the Independent Competition and Regulatory Commission (ICRC) with the most recent pricing determination in June 2013. The ICRC provides Icon Water with an allowance for capital and operational expenditure with the objective to operate our business within this constraint.
- Active management of energy investments. Icon Water holds a 50% investment in ActewAGL which makes up a significant portion of Icon Water's profits. Icon Water will actively manage this investment ensuring a continuation of the strong financial outcome for our shareholders.

Key activities for 2014–15

- Development of a debt strategy with timetable for implementation.
- Executive/Board strategic planning for the energy investments including assessment and identification of performance, risk, competition, future opportunities and areas for improvement.

Capital works

The future standard general capital works program is forecast to increase, which reflects renewals, maintaining a growing network, and major sewerage augmentation, and expenditure for the Enlarged Cotter Dam (ECD) is forecast to be completed, including settlement of outstanding insurance claims.

Top ten Capital Works Program projects (by project name)

- Sewer Mains Rehabilitation 2014–15
- SPS Switchboard & Pump Replacement Program 2012–13 (ongoing)
- North Weston Odour & Ventilation Improvements
- Lower Molonglo Water Quality Control Centre - Tertiary System Upgrade & Associated Works
- Bulk Supply Electric Actuators Replacement
- Property/Accommodation
- Googong Water Treatment Plant - Fluoridation Upgrade
- Crace Ginninderra Ventilation Stack Relocation
- Lower Molonglo Water Quality Control Centre - Aeration System Renewal
- Googong Water Treatment Plant - Washwater System & Sludge Dewatering (Stage 1)

Supporting information

Risk management

Icon Water's risk management framework aligns with AS/NZS ISO 31000:2009 (*Risk management – principles and guidelines*). The framework includes risk management policy, risk assessment criteria and processes for the conduct of risk assessments, escalation and reporting of risks. The Icon Water Board has established an Audit and Risk Management Committee (ARMC) to provide independent assurance and advice to the Board (amongst other key objectives) on the management of risk and the treatment of major risks.

Risk assessments identify risks across a broad range of categories including strategic, operational, safety, financial and legal/regulatory. Risk reports are provided at multiple levels within the organisational structure, and the ARMC reviews a register of key risks at each meeting.

Key risks for 2014–15

Risk category	Description of risk	Mitigation actions
Financial	Financial targets are not achieved as a consequence of the ICRC biennial review on water and sewerage pricing differing from the assumptions Icon Water has made regarding operating costs and capital works.	Icon Water shall work constructively with stakeholders during price setting processes so as to achieve an appropriate pricing outcome.
Financial	Water demand volumes and water tier pricing (tier 1 / tier 2) significantly impact Icon Water's revenues. Variances to budgeted estimates can significantly impact final revenues.	Icon Water maintains a close focus on volume and tier split performance. Managing expenditure levels will partially offset any revenue variability.
Reputational	Failure to meet service delivery standards in relation to water quality and water pressure.	Icon Water adopts a range of measures including: <ul style="list-style-type: none"> • Long term supplier contracts for key supplies; • Diversification of supply options; • Icon Water has a Disaster Recovery Plan for the SCADA system; • Use of pressure zones limit impact on the community; • Network design rules are used for new reticulation areas; and • Water quality variance response plans are in place.
Financial	CSS superannuation entitlement claims are uncertain.	Effective legal management of claims.
Financial and reputational	Performance of the ActewAGL joint venture causes reputational and financial damage.	The Icon Water management team and board closely monitor and manage the investment in ActewAGL and provide reporting to its shareholders.
Financial Revenue and Regulatory	The electricity pricing review performed by the AER is undertaken during 2014–15 for a five year period. This creates uncertainty to the future financial position of the joint venture.	ActewAGL ensures full and complete regulatory submissions are prepared to minimise the risk of an unanticipated result.

Main community service obligations

We will continue to contribute to our community through meaningful engagement. We will contribute to the cultural and social development of the ACT through community sponsorships and provide support to those in need through donations to community and charitable organisations.

In 2014–15 we expect to maintain the same target contribution as for 2013–14: \$500,000 through donations and sponsorships.

Icon Water fulfils a range of community service obligations (CSOs) on behalf of the ACT Government. These CSOs are social, rather than commercial, in nature and are explicitly funded by the ACT Government. The majority of CSOs by value relate to pensioner concessions in connection with water and sewerage charges. Water and sewerage services are also provided at a 50% price discount to community organisations such as schools and churches.

6. Performance indicators and targets

For each strategic objective, we have established performance indicators and targets in order to monitor and report on their achievement. These are outlined below and are supported by a range of internal performance management arrangements including detailed business plans and related monitoring and reporting activities.

Strategic objectives	Performance indicator	Targets (30 June 2015)
Culture	Timely implementation of related strategies	WHS and people strategies are implemented in accordance with plan.
Asset management	Timely implementation of improvement initiatives. Service delivery performance maintained.	Asset management improvement initiatives implemented in accordance with plan. Maintenance of 2013–14 key service delivery targets for water, sewerage, customer satisfaction and environmental.
Brand	Timely implementation of new brand. Timely implementation of customer management improvement initiatives	New brand launched. Customer management improvement initiatives implemented in accordance with plan.
Financial management	Return to government Timely implementation of financial management initiatives.	Profits available for dividends are estimated at \$81.0m. Debt strategy developed. Energy investment strategic plan finalised.

Icon Water's forecast financial statements and key financial performance measures are at Appendix A.

Key service delivery targets

Service Standard	2012–13 Results			2013–14 and 2014–15 Targets		
	Icon Water Actual Result	Outcome to 2011–12 Results	Icon Water 2005–13 Average	Industry 2011–12 Average	Icon Water Target	Icon Water Target - Improve
Water						
Water main breaks (per 100km of water main)	20	Improved Performance	30	23	25-39	≤25
Average duration of an unplanned interruption – water (minutes)	148	Decreased Performance	115	132	111-119	≤119
Average Frequency of unplanned interruption – water (per 1000 properties)	113	Decreased Performance	106	127	63-127	≤63
Number of zones where drinking water microbiological compliance is achieved (%)	100	Maintained Performance	100	100	100	100
Real losses (L/service connection/d)	52	Improved Performance	56	73	59-73	≤59
Sewerage						
Sewerage mains breaks and chokes (per 100km sewer main)	42	Maintained Performance	67	30	42-92	≤42
Property connection sewer breaks and chokes (per 1000 properties)	8	Maintained Performance	11	12	8-15	≤8
Average sewerage interruption (minutes)	42	Decreased Performance	37	157	37-44	≤37
Customer Satisfaction						
Water quality complaints (per 1000 properties)	0.8	Improved Performance	1.6	2.5	0.9-2.8	≤0.9
Water service complaints (per 1000 properties)	2.1	Maintained Performance	2.5	0.6	2.0–2.6	≤2.0
Sewerage service complaints (per 1000 properties)	1.2	Improved Performance	1.0	0.6	1.4-2.6	≤1.4
Billing and account complaints – water and sewerage (per 1000 properties)	0.1	Improved Performance	0.2	1.3	0.2-2.6	≤0.2
Total water and sewerage complaints (per 1000 properties)	4.8	Improved Performance	4.5	5.5	5.0-7.5	≤5.0
Environmental						
Percentage of sewage volume treated to a compliant standard (%)	99	Maintained Performance	97.9	99.7	99	100
Percentage of biosolids reused (%)	100	Maintained Performance	100	99	100	100
Sewer overflows reportable to the environmental regulator (no. Per 100km of sewer main)	2.0	Maintained Performance	4.9	0.5	1.9-5.6	≤1.9
Recycled water (percent of effluent recycled)	15.2	Improved Performance	12	14	11-13	≥13

Assumptions and important notes

Notes on performance measures and targets

Data results received from the National Water Commission's National Performance Report 2012–13; it is the most recently available such report. As such, 'actual results' relates to the 2012–13 financial year.

Where data has not been recorded in all years from 2005–06 to 2012–13, the average from years in which data was recorded has been used.

The "industry" is comprised of major Australian water utilities (i.e. those with more than 100,000 customers).

[1]. Service delivery standards are derived from the National Water Commission's national performance reporting, comparing Icon Water's performance against other major Australian water utilities.

Unusual external events beyond Icon Water's control may cause non-typical variances, either positive or negative, to Icon Water's performance in a service delivery category in any given year.

To negate the effect of non-typical events, "improved performance" for the purposes of this paper means to improve upon (i) the mid-point between our current performance and our average performance, and, (ii) where practical, to maintain a result which is better than the industry average.

Note, however, that (a) there may exist peculiar geographic or other factors which practically limit the extent to which performance may be improved, and (b) there may be significant cost implications associated with improving against current performance, resulting in such improvements being undesirable. Improvements need to be justified on a benefit-cost basis. For example, Icon Water's Sewer Breaks and Chokes have reduced substantially over the preceding years following implementation of a revised maintenance programme. However, achieving an industry average may be uneconomical due to the ACT's semi-arid climate and clay soils when compared to other capital cities.

Financial assumptions and notes

The forecasts contained in this document are subject to potentially significant variation arising from factors outside Icon Water's control. These factors are described below.

Regulatory uncertainty

Icon Water has developed the financial performance targets in an environment of regulatory uncertainty with the water and sewerage pricing direction completed in 2014–15 and a biennial review for 2015–16 to 2016–17. In addition, the water and sewerage price direction for the period July 2013 to June 2019, will now be subject to a review by an industry panel appointed by the ACT Government. These financial targets have assumed the key principles from the ICRC June 2013 final water and sewerage pricing report is maintained with the exception of water consumption which is based on Icon Water's estimate for 2013-14 and 2014-15.

Climatic conditions

Normal weather patterns have been assumed in determining the budget estimates. Variability in climatic conditions may result in material variations to Icon Water's profits through water consumption forecasts, electricity demands and the impact of climate change in the longer term may make the task of predicting the ACT's future water usage difficult. Extreme weather events may result in financial losses and delays in our operations.

ActewAGL's operations

In addition to climatic conditions, competitive, regulatory and other influences may impact the profitability of ActewAGL.

From an ActewAGL Distribution perspective, the Australian Energy Regulator (AER) made a transitional determination of the allowed Electricity Network revenue for 2014–15 in April 2014, with the final determination of allowed Electricity Network revenue for the entire 2014–19 period to be made in April 2015.

The AER will also approve a revised access arrangement (AA) for the ACT Gas Network to replace the current 2010–15 AA.

The regulatory outcomes may impact on ActewAGL's future profit results.

From an ActewAGL Retail perspective, the ICRC made a determination on retail electricity prices in the ACT in June 2014 that will be applied each year for 1 July 2014 to 30 June 2017.

Financial markets and capital structure

Icon Water will need to source new debt and/or refinance existing debt which will be subject to market interest rates.

Appendix A – Forecast Financial Statements and Key Financial Performance Measures

Icon Water Limited		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Income Statement		Notes	Actual	Forecast	Budget	Forecast	Forecast
Year Ended 30 June:			\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
Water Business			167,700	187,010	192,234	185,562	189,816
Sewerage Business			132,177	107,972	114,117	121,426	127,078
Interest Income			5,607	1,966	1,593	1,007	1,089
Commonwealth Subvention			10,587	10,615	11,123	11,401	11,687
JV Income			97,790	80,200	86,641	83,537	84,524
Other Revenue			12,057	19,179	8,090	8,292	8,499
			425,918	406,942	413,798	411,225	422,693
Expenditure							
ACT Government Charges	a		30,930	34,148	32,895	32,678	33,052
Depreciation			35,917	42,090	43,661	45,010	46,692
Employment Costs			60,987	67,085	69,165	70,322	72,226
Water Operating Costs			92,402	58,030	64,705	65,810	68,136
Impairment			4,927	13,269	0	0	0
Other Expenses			10,551	8,261	7,006	5,160	5,215
			235,714	222,883	217,432	218,980	225,321
Earnings Before Interest and Tax			190,204	184,059	196,366	192,245	197,372
Interest Expense			73,863	77,480	79,221	83,308	88,937
Earnings Before Interest Tax and Gifted Assets			116,341	106,579	117,145	108,937	108,435
Gifted Assets			4,736	7,343	3,222	0	0
Earnings Before Tax			121,077	113,922	120,367	108,937	108,435
Tax Expense			41,498	34,176	36,111	32,681	32,531
Net Profit After Tax			79,579	79,746	84,256	76,256	75,904
Transfer to/(from) Retained Profits			0	3,864	3,220	0	0
Profits available for Dividends			79,579	75,882	81,036	76,256	75,904
Notes:							
a This includes Water Abstraction Charges and Utilities Networks Facilities Tax.							

Icon Water Limited	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Balance Sheet	Actual	Forecast	Budget	Forecast	Forecast	Forecast
As at 30 June:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets						
Cash & cash equivalents	83,744	65,500	51,653	50,514	50,319	50,332
Receivables	53,818	57,584	61,616	65,929	70,547	75,483
Other	15,716	19,886	19,886	19,886	19,884	19,886
Total Current Assets	153,278	142,970	133,155	136,329	140,750	145,701
Non Current Assets						
Non-current securities	468	468	468	468	468	468
Investments in Other Entities	601,287	637,138	665,278	691,864	721,338	740,378
FITB - Non Current	26,310	26,310	26,310	26,310	26,310	26,310
Intangibles (Water Licences)	27,066	16,297	16,297	16,297	16,297	16,297
Property, Plant & Equipment	2,025,593	2,038,784	2,089,345	2,166,584	2,261,290	2,308,247
Other	2,112	2,112	2,112	2,112	2,112	2,112
Total Non Current Assets	2,682,836	2,721,109	2,799,810	2,903,635	3,027,815	3,093,812
Total Assets	2,836,114	2,864,079	2,932,965	3,039,964	3,168,565	3,239,513
Current Liabilities						
Accounts Payable	47,526	42,155	46,961	51,948	56,095	54,974
Dividends Payable	79,580	15,617	16,206	15,250	15,179	17,102
Tax Payable	7,841	12,894	9,029	8,170	8,133	9,162
Borrowings	17,392	19,338	20,868	22,963	325,214	27,631
Provisions	26,385	25,232	25,230	25,231	25,230	25,230
Other	3,495	3,495	3,495	3,495	3,495	3,495
Total Current Liabilities	182,219	118,731	121,789	127,057	433,346	137,594
Non Current Liabilities						
Borrowings	1,335,105	1,426,808	1,489,417	1,591,148	1,413,460	1,780,160
Deferred Tax Liability	313,625	309,512	309,511	309,511	309,511	309,511
Provisions	10,337	10,337	10,337	10,337	10,337	10,337
Total Non Current Liabilities	1,659,067	1,746,657	1,809,265	1,910,996	1,733,308	2,100,008
Total Liabilities	1,841,286	1,865,388	1,931,054	2,038,053	2,166,654	2,237,602
Net Assets	994,828	998,691	1,001,911	1,001,911	1,001,911	1,001,911
Equity						
Capital	758,871	758,871	758,871	758,871	758,871	758,871
Retained Profits	7,801	11,664	14,884	14,884	14,884	14,884
Reserves	228,156	228,156	228,156	228,156	228,156	228,156
Net Equity	994,828	998,691	1,001,911	1,001,911	1,001,911	1,001,911

Icon Water Limited		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Cashflow		Notes	Actual	Forecast	Budget	Forecast	Forecast
Year Ended 30 June:			\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flow from Operations							
Receipts from customers			313,334	324,845	321,536	322,369	332,465
Payments to suppliers and employees			(165,038)	(181,236)	(171,546)	(171,589)	(176,082)
Tax paid			(57,050)	(34,182)	(39,977)	(33,539)	(32,568)
Interest received			6,426	1,966	1,593	1,007	1,089
Interest Paid			(73,558)	(77,480)	(79,221)	(83,308)	(88,937)
Net Cash In/(out)flow from operating activities			24,114	33,913	32,385	34,940	35,967
Cash Flow from Investing Activities							
JV Distribution Received			48,950	47,500	58,500	56,950	55,050
Payments for Property, Plant and Equipment	a		(154,418)	(62,025)	(88,423)	(119,645)	(139,802)
Proceeds from sale of Intangibles			0	10,769	0	0	0
Payments for Intangibles			(540)	0	0	0	0
Investments (net)			114	0	0	0	0
Net cash In/(out)flow from investing activities			(105,894)	(3,756)	(29,923)	(62,695)	(84,752)
Cash Flow from Financing Activities							
Repayment of Borrowings			(6,622)	(56,351)	(8,862)	(11,172)	(13,436)
New Borrowings			0	150,000	73,000	115,000	138,000
Dividends paid	b		(18,359)	(142,050)	(80,447)	(77,212)	(75,974)
Net cash In/(out)flow from financing activities			(24,981)	(48,401)	(16,309)	26,616	48,590
Net cash movement			(106,761)	(18,244)	(13,847)	(1,139)	13
Opening cash balance			190,505	83,744	65,500	51,653	50,319
Closing cash balance			83,744	65,500	51,653	50,514	50,332
Notes:							
a Payments for property, plant and equipment reflect annual capital expenditure cash payments, accounting for adjustments in accounts payable at the end of each financial year.							
b Dividends policy is 100% of Net Profit after Tax with 80% of current year profits paid in the current financial year, with the balance settled in the following financial year.							

Icon Water Limited		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Financial Ratios		Actual	Forecast	Budget	Forecast	Forecast	Forecast
Year Ended 30 June:		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profitability							
Return on Total Assets	a	6.5%	6.4%	6.6%	6.3%	6.2%	6.7 %
Return on Equity	b	18.6%	18.2%	19.4%	19.1%	19.6%	21.6 %
Profit Margin	c	43.9%	45.0%	47.3%	46.6%	46.6%	48.1 %
Liquidity							
Current Ratio	d	84.1%	120.4%	109.3%	107.3%	32.5%	105.9 %
Cash Position	e	3.0%	2.3%	1.8%	1.7%	1.6%	1.6 %
Receivables Turnover	f	6.2	5.6	5.3	4.9	4.8	4.8
Financial Stability							
Debt Ratio	g	64.9%	65.1%	65.8%	67.0%	68.4%	69.1 %
Gearing Ratio	h	57.6%	59.2%	60.1%	61.7%	63.4%	64.3 %
Capital Ratio	l	136.0%	144.8%	150.7%	161.1%	173.5%	180.4 %
Debt							
Interest Cover Ratio	j	2.5	2.4	2.5	2.3	2.2	2.3
Formula:							
Profitability							
Return on Total Assets	a	$\frac{\text{EBIT (minus interest revenue)}}{\text{Total assets}}$					
Return on Equity	b	$\frac{\text{EBIT (minus interest revenue)}}{\text{Total equity}}$					
Profit Margin	c	$\frac{\text{EBIT (minus interest revenue)}}{\text{Revenue (minus interest revenue)}}$					
Liquidity							
Current Ratio	d	$\frac{\text{Current assets}}{\text{Current liabilities}}$					
Cash Position	e	$\frac{\text{Cash + investments}}{\text{Total assets}}$					
Receivables Turnover	f	$\frac{\text{Total revenue excludes subvention, interest income and JV income}}{\text{Average receivables for period}}$					
Financial Stability							
Debt Ratio	g	$\frac{\text{Total liabilities}}{\text{Total assets}}$					
Gearing Ratio	h	$\frac{\text{Total debt}}{\text{Total debt + equity}}$					
Capital Ratio	l	$\frac{\text{Total debt}}{\text{Equity}}$					
Debt							
Interest Cover Ratio	j	$\frac{\text{EBIT (minus interest revenue)}}{\text{Annual interest payments}}$					