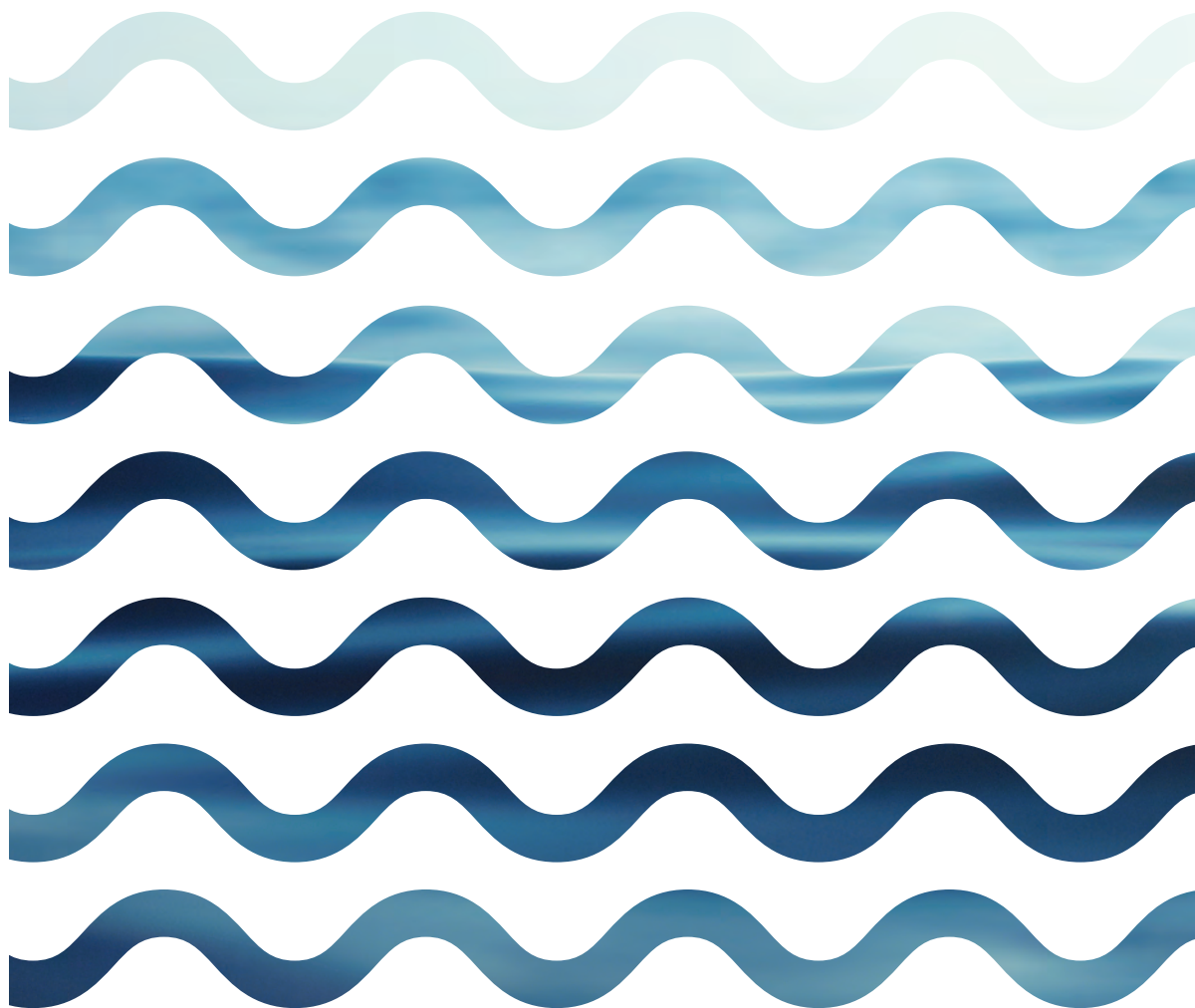




ACT
Government



Icon Water Limited
Annual Report to the
ACT Government
2014–15

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ACT Auditor-General's office

Solicitors

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Minter Ellison

Clayton Utz

Bankers

Commonwealth Bank of Australia

Reserve Bank of Australia

Westpac Banking Corporation

TTY for Hearing Impaired

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Language assistance

13 14 50, 24 hours

للحصول على مساعدة لغوية، اتصل بالرقم أعلاه

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برای کمک زبانی به شماره بالا تلفن بنزید

[nkhopngaHggshKjtptfRNkNycssyffjzjmioAqfs;](https://www.iconwater.com.au)

Nếu cần thông dịch viên, hãy gọi đến số trên đây

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Information about Icon Water and an electronic version of this annual report can be found on the Icon Water website <http://www.iconwater.com.au>



9 September 2015

Mr Andrew Barr MLA
Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Dear Chief Minister

We are pleased to present Icon Water Limited's 2014–15 Annual Report.

The report has been prepared under section 6(1) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with reporting requirements applicable to the Corporation which are outlined in the Annual Report Directions. The report also includes information required under other applicable legislation including the *Corporations Act 2001* and Australian Accounting Standards.

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you present a copy of the Annual Report to the ACT Legislative Assembly within 15 weeks after the end of the financial year.

Icon Water, in undertaking fraud control, aligns itself with the Australian Standard 8001 – 2008 *Fraud and Corruption Control*.

To the best of our knowledge and belief, the Annual Report is an honest and accurate account of the operations of the company for the period 1 July 2014 to 30 June 2015 and that all material information has been included.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael Easson".

Dr Michael Easson AM
Chairman

Yours sincerely

A handwritten signature in black ink, appearing to read "John Knox".

John Knox
Managing Director

Annual Report



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Message from the Board

Icon Water has been supplying Canberra with quality water and wastewater services for 100 years. In May 2015, we publicly launched our new name, addressing the confusion between our former name, ACTEW Corporation and ActewAGL (our energy investment). It also provided our business with a fresh identity and direction for the next 100 years.

Operational highlights

The Bureau of Meteorology released its National Water Performance Report for 2013–14 in May 2015. Overall, we performed very well against comparable urban water utilities. We reported the largest decrease in water main breaks (per 100km of water main), a nine per cent decrease in typical residential bills and the largest decrease (almost 10 per cent) in our standardised bill (annual bill based on 200kL).

We achieved strong financial results for the year ended 30 June 2015 with a profit after tax of \$97.7m.

Our 50% ownership of the ActewAGL joint venture continued to be a strong commercial investment with Icon Water receiving \$56.5m in cash distributions from ActewAGL during the year. Dividends paid to our shareholders totalled \$88.2m (consisting of \$18.1m relating to profit generated in the prior year and an interim dividend of \$70.1m) as well as income tax equivalent payments totalling \$43.7m.

The Bulk Water Alliance that formed to deliver the community's major water infrastructure projects, including the Cotter Dam, was officially closed in March 2015. This marks the finalisation of those projects that have successfully provided water security in the region for future generations. In November 2014, we were awarded the best civil infrastructure project (over \$25 million) for the Cotter Dam project at the Master Builders Association National Excellence in Building and Construction Awards.

Focus on sustainability

We value sustainability as critical to all aspects of the business. This requires balancing financial health, environmental sustainability, cultural vitality and social responsibility. Our sustainability performance for the Cotter Dam project was recognised by receipt of the Sustainable Solutions in Public Works award for Australasia. Our work in source water protection and delivery of water education in schools and community

groups, in partnership with the Southern ACT Catchment Group, won the ACT Sustainable Cities Community Action Partnerships and Culture award in July 2014.

Planning for the future

In late 2014, the Board and executive completed strategic planning activity which considered our strategic direction over the medium and long term. This new direction led to extensive work in 2014–15 to develop our new brand and to embed our core values, strategic goal and objectives into our business planning processes.

Our strategic analysis continued throughout the year as we considered the challenges and emerging trends in the water industry, both internationally and nationally. We continue to draw on the lessons learned elsewhere, particularly in the UK water industry which has transitioned to a more customer-driven, performance-based regulatory approach.

In relation to our energy investment, we engaged external advisers to aid our understanding of the challenges facing the industry, and how we might respond to them.

Regional collaboration

During the year, we provided assistance to support regional development. We were actively involved and provided highly skilled expertise to install the pipe connecting Googong township to the ACT region's main water supply. This was a multi-million dollar major infrastructure project for the township. We have also held discussions with Queanbeyan City Council and will continue to work collaboratively with them to finalise the terms of reference to investigate the feasibility of a collaborative solution to sewage treatment needs for the region.

On behalf of the Board, we wish to thank our executive and management team and all Icon Water staff for their dedication and commitment. We look forward to working with the team in 2015–16 to build our brand and continue serving our community.



Dr Michael Easson AM
Chairman



John Knox
Managing Director

Section 1

Organisation overview and performance



The organisation

Icon Water Limited (Icon Water) is an unlisted public company owned by the ACT Government. Icon Water has two voting shareholders: the Chief Minister and Deputy Chief Minister of the ACT.

As a territory owned corporation, Icon Water has four equally important main objectives under the *Territory-owned Corporations Act 1990*:

- To operate at least as efficiently as any comparable business.
- To maximise the sustainable return to the Territory on its investment in Icon Water and ActewAGL, in accordance with the performance targets in the Statement of Corporate Intent.
- To 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.
- Where our activities affect the environment, to effectively integrate environmental and economic considerations in decision-making processes.

These objectives provide the foundation on which we conduct strategic planning in our business.

Icon Water undertakes two primary activities: delivery of water, sewerage and associated services; and managing the investment in the energy business, ActewAGL. We own and operate the ACT's network of dams, water treatment plants, sewage treatment plants, reservoirs, water and sewage pumping stations, mains and other related infrastructure. We deliver safe drinking water and reliable sewerage services to a community of over 387,000 people¹.



¹ Australian Bureau of Statistics

Modified Statement of Corporate Intent 2014–15

Icon Water's Modified Statement of Corporate Intent 2014–15 to 2017-18 outlines Icon Water's core purpose, values, strategic goal and objectives guiding its business and commitment to its shareholders and customers.

Core purpose

To sustain and enhance the quality of life

Core values

- **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

The premier most trusted water utility by 2022

Strategic objectives: 2014–15

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

Our water and sewerage network

Our water network

- Total accessible dam capacity 277.8GL
- 2 water treatment plants at Mount Stromlo and Googong
- Provides over 100ML of treated water each day
- There are ~166,000 connections to water
- 47GL of water treated per year
- Over 3200km of water mains
- 25 water pumping stations

Our sewer network

- There are 165,000 connections to sewerage services
- 3254km of sewerage pipes
- 26 sewer pumping stations



Investments

ActewAGL

Icon Water is a 50% owner of ActewAGL, a provider of electricity and gas services to the ACT and surrounding regional New South Wales centres.

Icon Water has two subsidiary companies: Icon Distribution Investments Limited (IDIL) and Icon Retail Investments Limited (IRIL).

ActewAGL comprises two partnerships:

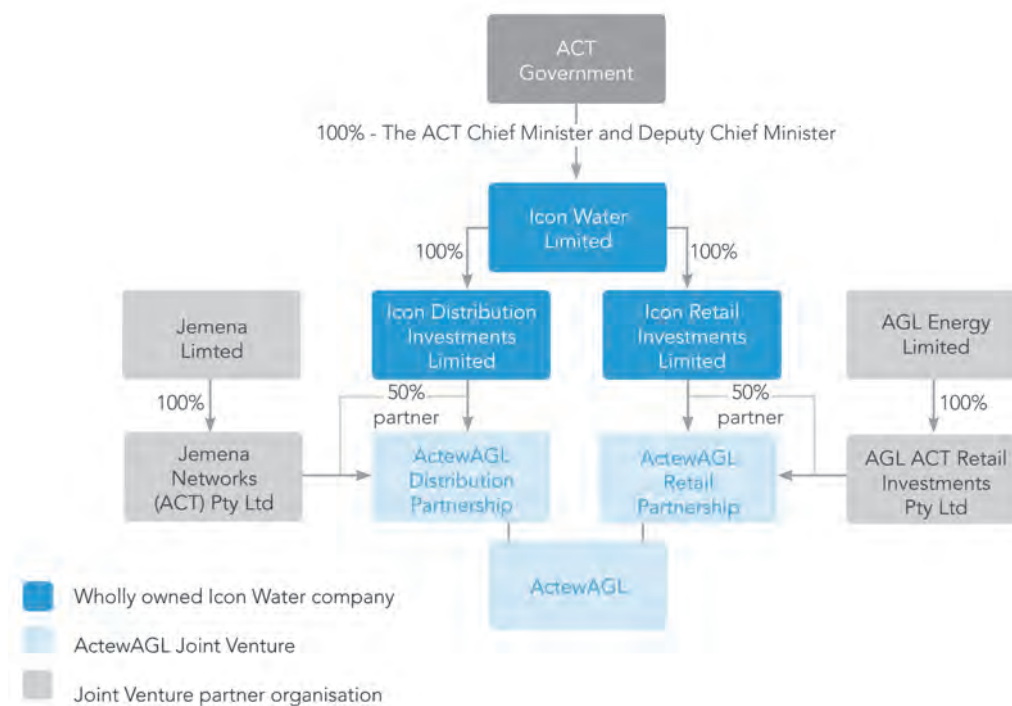
- ActewAGL Distribution (a partnership between IDIL and Jemena Networks (ACT) Pty Limited) – which owns and operates the electricity and gas distribution networks in the ACT and in certain adjacent regional centres
- ActewAGL Retail (a partnership between IRIL and AGL ACT Retail Investments Pty Limited) – which sells electricity and gas to its residential, commercial and government customers in the ACT and the surrounding region.

Members of the ActewAGL Joint Venture Partnerships Board at 30 June 2015 were:

- Dr Michael Easson AM (Chairman)
- Mr Paul Adams (Deputy Chairman)
- Ms Wendy Caird
- Mr Paul Frazer
- Dr Ruan Quiantu
- Mr John Knox

Details of ActewAGL's financial performance for 2014–15 can be found in the Annexed Reports section. More information on ActewAGL can be found at www.actewagl.com.au.

ActewAGL Joint Venture structure



Highlights

Asset management

In order to deliver consistent high levels of service to Icon Water customers and return to shareholders, Icon Water must realise the maximum value from its assets. Effective asset management – from asset acquisition, through to operation and maintenance and asset disposal, enables this.

Our water and sewerage services are delivered via assets worth 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 Sewage Treatment Plant
- the Murrumbidgee to Googong Water Transfer Pipeline
- 47 water reservoirs
- Over 50 water and sewerage pumping stations.

Icon Water realises the importance of continuing to invest in people, processes and systems that support excellence in asset management. The Asset Management Strategy is one of the four strategies outlined in our 2014–15 Modified Statement of Corporate Intent (SCI) and due to its critical importance continues to be one of our four strategies in 2015–16 and beyond.

Significant work was undertaken in 2014–15 to develop an Asset Management Framework (the Framework) and to update asset management plans in line with the latest international standard (ISO 55000). The Asset Management Improvement Plan (the Plan) was finalised in the second quarter of 2014–15. The Plan sets the path for the development and implementation of the Framework that aligns with ISO 55000 over the next three to five years. An asset owner governance body was also established as the peak body within Icon Water to make key decisions regarding asset management.

During the year, we undertook long term infrastructure planning and reviewed our infrastructure servicing strategies to facilitate development and service projected growth in the Canberra region. The implementation of the Framework will assist in the continued review of our water and sewerage infrastructure for the future.

Sewerage operations

Illegal discharges to sewers identified after a safety incident in 2014, highlighted the need for more monitoring and comprehensive controls of non-domestic waste. Significant work was undertaken in 2014–15 to minimise the risks of illegal discharges into our sewerage system. This included conducting investigations and the development of various risk mitigation programs.

Icon Water's Trade Waste Policy was approved and is in the process of being implemented. The new acceptance guidelines were also completed during the year. We have been working on our compliance monitoring program for the new policy and collecting data on business costs for a future potential cost recovery model.

Icon Water has continued to work with the Environment Protection Authority (EPA) to develop Environmental Management Plans (EMP) for both the Lower Molonglo Water Quality Control Centre (LMWQCC) and the Cotter Effluent Absorption Facility.

The EPA has agreed to put in place the South Australian EPA odour control guidelines in the interim for the ACT. Icon Water has held discussions with the EPA to determine how these guidelines apply in the ACT and how it will impact Icon Water assets.

Icon Water achieved the following compliance results against its environmental authorisations.

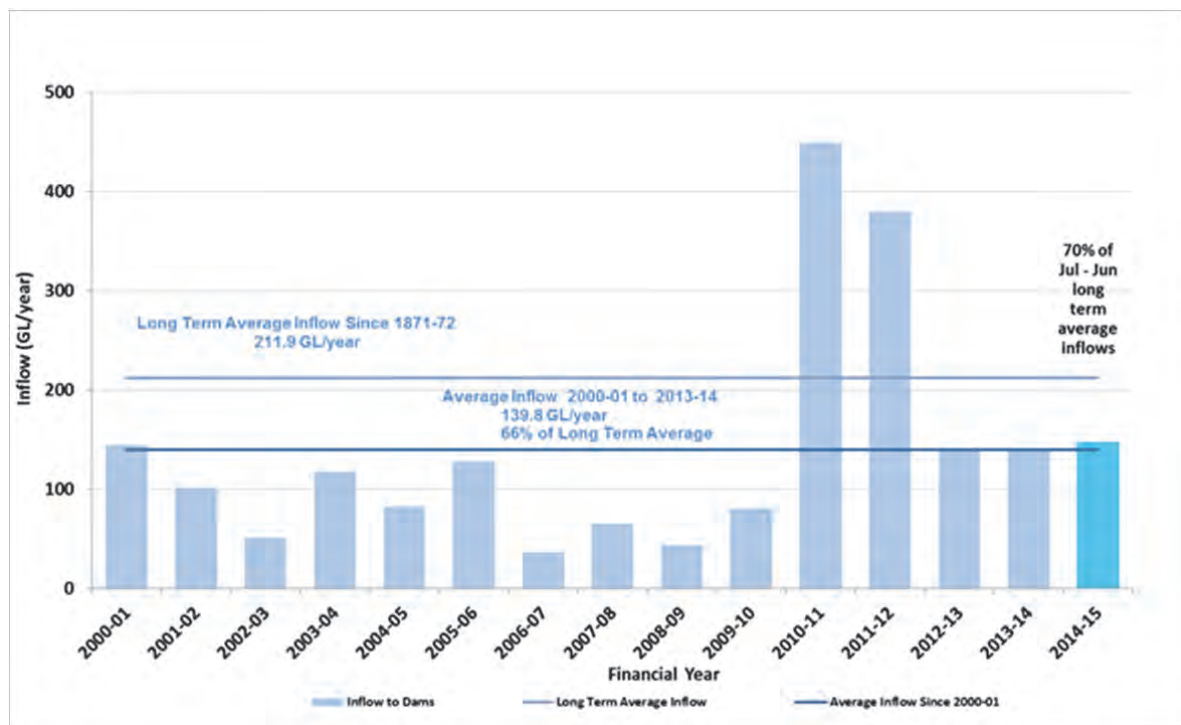
LMWQCC effluent reuse	100%
North Canberra Water Reuse Scheme (NCWRS)	100%

Additional environmental licence compliance is outlined in Financial Reports on page 4.

Water operations

In 2014–15, the total inflow to our four reservoirs was slightly higher than the recent average inflow since 2000–01, but lower than the long term average inflow. Water production for 2014–15 represented a per capita reduction of 40% relative to the 1993–2002 levels.

Icon Water’s net surface abstraction is well under the Murray-Darling Basin Cap and within the limits of its 71GL/year licence constraint. These two constraints are not expected to impact water security in the ACT in the medium term.



Testing of the quality of water was undertaken in accordance with the Australian Drinking Water Guidelines (2011). Icon Water was 100% compliant with the Drinking Water Utility Licence and the Public Health (Drinking Water) Code of Practice (2007) (the Code) in 2014–15. In 2014–15, there were six notifiable incidents to ACT Health as per the Code. Icon Water also published its Annual Drinking Water Quality Report 2013–14 in accordance with the Code in October 2014 (the report is available at iconwater.com.au). The 2014–15 report will be published in October 2015.

Capital works and major infrastructure

Sewer mains rehabilitation

Approximately 80km of sewer mains rehabilitation was undertaken in the southern areas of Canberra using both pipe bursting and pipe relining technologies.

Googong Water Treatment Plant

The treatment plant continued to be upgraded in 2014–15 to enhance the water quality to service the growing population in the Googong area. The project included an upgrade to the fluoride system and dewatering systems. The upgrade will enable the plant to be utilised up to 40% of the year with greater emphasis being placed on maintenance at the plant to eventually allow equal utilisation between the Mount Stromlo Water Treatment Plant and Googong Water Treatment Plant, if required.

Sewage pump stations - switchboard and pump replacement program

An upgrade of sewage pump stations commenced throughout the southern areas of the ACT to comply with current electrical standards legislation. The works also included noise reduction at the pump stations in Kambah, East Tuggeranong and South Gordon.

Extra low zone water supply in Molonglo Valley

Further population expansion in the Molonglo Valley area resulted in the decision to construct a valve-managed pressure zone in preference to the construction of a reservoir. This will provide greater network utilisation and lower capital costs.

Bulk supply actuator replacement

This replacement project took place throughout the whole network and provided the ability to automate via the Supervisory Control and Data Acquisition (SCADA) system the remote opening, closing, isolation, and utilisation of major water pump station valves. The automation resulted in the reduction of manual handling in confined spaces and has introduced efficiencies across the network.

Working at heights safety improvements

Risk assessments were undertaken across the entire water and sewer network to identify any infrastructure that did not comply with legislation regarding working at heights safety. This is an ongoing project to reduce working at heights risks at reservoirs, water pump stations and the Lower Molonglo sewage treatment plant. This project has necessitated extensive stakeholder engagement across Icon Water operational and maintenance functions.

Water mains renewal program

The water mains renewal program for 2014–15 involved the renewal of prioritised high risk mains in the Belconnen area via a trenchless pipeline rehabilitation method called pipe bursting (a commonly used industry method for pipeline rehabilitation).

Lower Molonglo Water Quality Control Centre

Approximately 39 technical memorandums have been completed covering all systems at the facility. Upon finalisation, these projects will progress to detailed design for the upgrade and re-evaluation of aeration systems with greater emphasis on safety issues at the plant. Preliminary design of the solids handling project has entered into the technical specification stage and is scheduled to proceed to detailed design in October 2015. The Environment Protection Authority has been informed of all proposed solids handling upgrades, and a procurement strategy is currently in place.

Mitchell accommodation project

The Icon Water Mitchell office is over twenty years old. Whilst the building has been maintained to relevant standards, building services (such as plumbing, electrical and airconditioning) are at the end of their life cycle. The planned refurbishment of the Mitchell office and depot is designed to accommodate personnel currently located in the temporary offices at the Mount Stromlo Water Treatment Plant. During 2014–15, a tender process was conducted for the design and construction of the project and the successful tenderer is expected to commence work on site in July 2015.

Branding

Icon Water publicly launched its new brand on Monday 4 May 2015. The launch was well received by stakeholders and the public, addressing the confusion between the names ACTEW Corporation, ACTEW Water and ActewAGL.

The rebranding process included the change-over of signage on vehicles and network assets; amending Icon Water's digital presence; and the purchase of branded clothing (including 'hi-vis' personal protective equipment for operational personnel). The long term planning for this project provided for the business to run down existing clothing and merchandise levels prior to launch.

Icon Water is continuing a phased rollout approach to the brand. The first phase included public introduction and education of the brand change, what it stands for and what the change from ACTEW Water to Icon Water means for the public and relevant stakeholders.

The next phase will be the transition into network messaging and customer engagement with an emphasis on how the public engages with Icon Water and what they can do to help maintain the network's integrity. This will include a 'Don't flush wet-wipes' campaign, as well as continuing to educate Googong residents about living near a water supply catchment.

Working in parallel to the rebrand, the customer strategy triggered a review of web content incorporating feedback gathered from professional customers including certifiers, consultants, plumbers and architects. Icon Water website content for residential customers was also revised. These revisions ensure easy access to information to support customers to better understand their accounts by providing clear advice on how accounts are structured and guidance on how to monitor usage.

The brand will continue to be embedded throughout 2015–16, with emphasis on Icon Water's internal and external behaviours. The brand will also be the central point for aligning the ongoing sponsorship, communication and customer service strategies, as well as future customer engagement programs.

Regulatory review and pricing determination

The Independent Competition and Regulatory Commission (ICRC) regulates prices for water and sewerage services in the ACT.

On 1 July 2014, Icon Water implemented prices in accordance with the ICRC Price Direction of 26 June 2013. Water bills increased by up to 3.7 per cent on the previous financial year and bills for sewerage services increased by 2.7 per cent, resulting in an overall increase of 3.2 per cent to a typical household bill for water and sewerage services. The price adjustment was higher than the 2.56 per cent change in the consumer price index to account for the ACT Government's announcement in the 2014–15 Budget of 5 per cent increase to both the Water Abstraction Charge and the Utilities Network Facilities Tax.

The Industry Panel (the Panel), established by the ACT Treasurer on 17 April 2014 to review the ICRC Price Direction, delivered its final report on 29 April 2015. The report, which was released to the public on 5 May 2015, substituted a new price direction that sets a price path for 2015–16 to 2017–18.

The substituted price direction addressed the concerns that Icon Water had raised in its application for the review in September 2013. In particular, it removed the requirement for biennial reviews of pricing by the ICRC and provided a more predictable method for calculating Icon Water's allowed return on capital, consistent with comparable businesses. The Panel review outcomes provide a solid foundation for future pricing determinations. Our customers have three years of pricing certainty.

As part of the Panel's review process, Icon Water submitted a:

- statement of facts and contentions on 31 July 2014
- demand forecasts and supporting information on 15 August 2014
- response to the Panel's draft report on 23 January 2015
- response to follow up questions on 26 February 2015.

Icon Water also attended a hearing of review issues on 1 September 2014, presented and took questions at a public hearing on 6 February 2015, and responded to numerous information requests from the Panel and its advisers.

The 2015 biennial recalibration process required under the ICRC Price Direction was only partially completed. Icon Water submitted its information return to the ICRC on 1 December 2014. However, neither the ICRC nor Icon Water was required to carry out the remainder of this process following a formal declaration by the Panel (on 18 February 2015) that the first biennial recalibration process would no longer apply.

In response to recommendations in the ACT Auditor-General's April 2014 performance audit of the water pricing process, the ACT Government in November 2014, engaged Mr Peter Grant PSM to undertake a review of the ACT's water and sewerage pricing framework. Icon Water made a submission to the review on 12 December 2014. The ACT Government publicly released the final report of the review on 4 June 2015. The report recommends that the ACT Government retain the current regulatory framework, for the time being, while pursuing a number of changes and improvements recommended in the report. The ACT Government has announced that it will consult with key stakeholders before the development of a formal response, which will be released in due course.

Customer services

Icon Water continued to implement initiatives under its customer strategy, which was launched in March 2014. During 2014–15, we reviewed and reconfigured our website to simplify online application processes and to address brand confusion between Icon Water and ActewAGL.

A major focus for improvement was the restoration following repairs and maintenance of assets. A number of initiatives were undertaken including a suite of education tools for more efficient engagement with customers. A customer experience survey was undertaken in November 2014 to measure the outcome of improvements to maintenance restoration processes. There was a 29 per cent reduction in complaints relating to damage to property and site restoration associated with works completed by our crews.

As at 30 June 2015, Icon Water had 166,000 water and 165,000 sewerage customers. Icon Water is committed to effective internal and external customer service. Increased awareness and consideration of how we can add value to our customer interactions has led to a review of processes to increased customer satisfaction and create efficiencies.

Research and development

Icon Water funds and provides in-kind support for a range of research and development projects aimed at addressing organisational and industry risks related to the provision of water and waste water services. The following projects are currently in progress:

- 'Alum Sludge Recycling'– investigating alternate uses for alum sludge from the water treatment process.
- 'Water Quality Impacts from Extreme Weather Related Events' - documenting knowledge from real world extreme weather events in order to provide an industry fact sheet on managing the consequences of these events.
- 'In-situ Electrochemical generation of caustic and oxygen from sewage for emission control in sewers' - investigating a chemical free technology for sewer emission control.
- 'Optimisation of Catchment Management - Stable Isotope Studies of Water Storage and Yield' - investigating how much water is used by soil and plants to ascertain how much reaches streams and dams.
- 'Genomics for persistence in fish' - capitalising on the recent revolution in DNA sequencing of the genomes of organisms. The project will look at the capacity to screen Australian freshwater fish for variation at many key functional genes, enabling more effective management and restoration of native fish habitat and populations.

The first recipient of the Aspi Baria PhD Scholarship completed her PhD in early 2015 titled 'Endocrine disrupting chemicals, pharmaceuticals and personal care products in Australia's largest inland sewage treatment plant (ACT) and the Molonglo/Murrumbidgee catchment: A multidisciplinary study'. A presentation and a copy of her report was provided to the Icon Water Board in February 2015. Work has commenced on establishing the next Aspi Baria PhD scholarship recipient, as a joint initiative with the Australian National University.

Board and executive

Members of the Icon Water Board

At 30 June 2015, the Board comprised seven Directors: six Non-Executive Directors and one Executive Director. The Board met twelve times during the financial year (including the annual general meeting and one general meeting). Details of attendance at Board and Committee meetings are on page 2 in the Financial Reports.

Directors' profiles are outlined below:

Dr Michael B Easson AM, Chairman **PhD, MSc, BA (Hons), FAICD, FRICS**

Dr Michael Easson has been a Director of Icon Water since 1995 and Deputy Chairman since May 1996. Dr Easson was Acting Chairman of the Icon Water Board from 1 July 2013 and was appointed as Chairman in March 2014. He is also Chairman of Icon Distribution Investments Limited and Icon Retail Investments Limited, Chairman of the ActewAGL Joint Venture Partnerships Board and Chair of the Icon Water Board's Nomination and Remuneration Committees.

He has served on some of Australia's largest infrastructure and property boards and is presently Chair of EG Property Group with \$1.25b in funds under management and Director of the building technology and documentation business, Ridley & Co.

He has a PhD from the Australian Defence Force Academy of the University of NSW and a Master of Science Degree from the University of Oxford.

Dr Easson was appointed as a Member of the Order of Australia in 1998.

Wendy Caird, Deputy Chair **MAICD**

Wendy Caird was first appointed to the Icon Water Board in December 2009. Ms Caird was Acting Deputy Chair of the Icon Water Board from 1 July 2013 and appointed as Deputy Chair in March 2014. Ms Caird is Deputy Chair of Icon Distribution Investments Limited and Icon Retail investments Limited and a Member of the ActewAGL Joint Venture Partnerships Board. She is also the Chair of the Icon Water Safety and Environment Committee and Deputy Chair of Icon Water's Nomination and Remuneration Committees.

Ms Caird has held a number of positions with Public Services International (France) including Co-chair Asia Pacific Region (1998–2002), a Member of the Executive Board (1997–2002), Global Director of the Quality Public Services campaign (2002–2006), and a Member of the Global Coordinating Committee of the "Global Call to Action Against Poverty: (Make Poverty History)" campaign (2005–2006).

Ms Caird held a number of executive positions with the Community and Public Sector Union (Australia) from 1983, including as NSW Branch Secretary, until her appointment as National Secretary in 1993.

Ms Caird is a small business owner, the Vice President of the Kangaroo Valley Community Association, and a member of both the Kangaroo Valley Tourist Association and Kangaroo Valley Environment Group.

John Knox, Managing Director
BFA, FCPA, MAICD – Managing Director

John Knox was appointed to the Icon Water Board in March 2014. Mr Knox is a director on the Boards of Icon Distribution Investments Limited and Icon Retail Investments Limited. He is a member of the ActewAGL Joint Venture Partnership's Board and the Water Services Association of Australia Board.

Mr Knox previously held the position of Chief Finance Officer of ActewAGL. He has an extensive background in private sector commercial management and experience across various business sectors including utilities, environmental, immigration and transport.

Dr Allan Hawke AC, Director
PhD (ANU), BSc (Hons), FAIM, FIPAA, FAICD

Dr Allan Hawke was first appointed to the Icon Water Board in December 2009 and is a member of Icon Water's Audit and Risk Management, Nomination and Remuneration Committees. He is a Doctor of Philosophy (ANU) and holds a Bachelor of Science degree with first class honours.

Dr Hawke was Secretary of the Department of Veterans' Affairs (1994–1996), Department of Transport and Regional Services (1996–1999) and the Department of Defence (1999–2002). He was Australian High Commissioner to New Zealand (2003–2006) and Chancellor of the Australian National University (2006–2009).

He is Chairman of the Civil Aviation Safety Authority, a Director of Datacom, Non-Executive Director of Lockheed Martin Australia, Council Member of the Australian War Memorial, Board Member of the Australian Strategic Policy Institute, Chairman of the Canberra Raiders Board, President of Barnardos Canberra and Member of the CEDA Board of Governors.

Dr Hawke was awarded an Australian Centenary Medal in 2001 and appointed a Companion of the Order of Australia in 2010.

Rachel Peck, Director
MBA, BEng (Civil) (Hons), GAICD

Rachel Peck was first appointed to the Icon Water Board in May 2011 and is a member of the Icon Water Board's Safety and Environment, Nomination and Remuneration Committees. She is also a member of the Icon Distribution Investments and Icon Retail Investments Limited Boards.

She is Principal of peckvonhartel and the Deputy Chair for the Australian Tapestry Workshop. She is Chair of the Canberra Business Chamber Planning and Infrastructure Taskforce and was a former Divisional Council Member of the Property Council of Australia (ACT), and an Interim Board Member for the founding of the Canberra International Arboretum.

Ms Peck attended the Australia 2020 Summit and in 2010 completed a Master of Business Administration at the Melbourne Business School. She was awarded a Future Leaders' Award in 2006 and was the Telstra ACT Young Business Woman of the Year in 2008. She is a graduate of the Australian Institute of Company Directors.

Jennifer Goddard, Director

BCom (Hons) MAICD

Jennifer Goddard was appointed to the Icon Water Board in November 2011 and is a member of the Icon Water Board's Audit and Risk Management, Nomination and Remuneration Committees.

Ms Goddard is an independent Director. She has served since 2008 as Board Chair, non-Executive Director and Audit Committee Chair on the Boards of various government related organisations, including as the inaugural Chair of the Australian Solar Institute Limited 2009–2013.

During her 25 year career in the Australian Public Service, Ms Goddard held a number of senior roles in the Department of the Prime Minister and Cabinet (PM&C) and prior to that as an economic policy adviser in the Department of the Treasury. As a Deputy Secretary in PM&C, Ms Goddard advised the Prime Minister on a wide range of macroeconomic, industry, infrastructure, energy, water and environment policy matters and carried oversight responsibility for Budget, COAG and Cabinet processes.

Carol Lilley, Director

BCom, FCA, CIA, CGAP, GAICD

Carol Lilley was appointed to the Board in April 2013. She is Chair of Icon Water's Audit and Risk Committee and a member of the Nomination and Remuneration Committees.

Ms Lilley was a Partner of PricewaterhouseCoopers Canberra (2004–2011) and was a financial statement and internal auditor from 1993 to 2011. Her experience is in financial statement audit, internal audit and project and risk management, with a particular focus on government. She retired as Partner three years ago.

Ms Lilley is currently Chair or Deputy Chair of several ACT Government Directorate Audit Committees (Education and Training, Shared Services and Environment and Planning), a member of the Department of Finance's assurance committee for the whole of government accounts, Chair of the Audit Committee of the National Film and Sound Archives, Chair of the Board of Instaclustr Pty Ltd and member of a governance committee for Diabetes Australia.

Ms Lilley is a Graduate of the Institute of Company Directors, Fellow of the Institute of Chartered Accountants, was a registered company auditor and is a certified internal auditor and government audit professional.

Executives

John Knox, Managing Director

BFA, FCPA, MAICD – Managing Director

John Knox was appointed to the Icon Water Board in March 2014. Mr Knox is a director on the Boards of Icon Distribution Investments Limited and Icon Retail Investments Limited. He is a member of the ActewAGL Joint Venture Partnership's Board and the Water Services Association of Australia Board.

Mr Knox previously held the position of Chief Finance Officer of ActewAGL. He has an extensive background in private sector commercial management and experience across various business sectors including utilities, environmental, immigration and transport.

Amanda Lewry, General Manager Asset Management

MBT, BEng (Mech) Hons

Amanda Lewry is responsible for asset management and operational planning functions for water and sewerage services to the ACT and Capital Region. Ms Lewry joined Icon Water in 2007 and has 18 years' experience in maintenance, operations and the delivery of capital projects in the water, mining, military and energy sectors. Ms Lewry has a Master of Business and Technology and holds a Bachelor of Engineering (Mechanical).

Ray Hezkial, General Manager Project Delivery, Operations and Maintenance

MBA, BEng (Civil)

Ray Hezkial is a Civil Engineer with over 18 years' experience in civil construction and design, as well as water and sewerage operational management. Mr Hezkial joined Icon Water in 2003, and in his current role is responsible for managing Icon Water's capital works program, provision of network operations and all aspects of day to day maintenance relating to the ACT's water and sewer reticulation systems. Prior to this, Mr Hezkial was the Project Manager for the Enlarged Cotter Dam. Mr Hezkial has a Master of Business Administration and holds a Bachelor of Engineering (Civil).

Chris Webb, General Manager Safety and Business Solutions

BAppSc, Cert Public Policy

Chris Webb is responsible for Icon Water's customer services, safety management, environmental services, communications and media, information technology, organisational development, business improvement, corporate services management and emergency management. Mr Webb joined Icon Water in 2004 and has significant experience in land development planning, urban planning and community development and extensive experience in major capital projects. Mr Webb holds a Bachelor of Applied Science and a Certificate in Public Policy.

Sam Sachse, General Manager Finance

MAppFin, BAcc, GCB, CPA, GAICD

Sam Sachse is responsible for the overall financial management and advisory services of Icon Water and its investment in ActewAGL. Mr Sachse has 20 years' accounting and commercial experience in the water and energy sectors and holds a Master of Applied Finance, Bachelor of Accountancy and a Graduate Certificate in Business. He is also a Fellow of CPA Australia and a Graduate of the Institute of Company Directors.

Jane Breden, General Manager Governance

MSc, MMgtSt, BBus, GCPProfWrtg, GCPerfAudt

Jane Breden is responsible for key elements of Icon Water's governance arrangements including compliance management, quality management, risk management, internal audit, legal services and company secretariat. She joined Icon Water in 2014 and has 20 years' experience in project management, consulting and governance services in both the public and private sectors. Ms Breden holds a Master of Science (Operations Research and Statistics), Master of Management Studies in Project Management, Bachelor of Business, Graduate Certificate in Professional Writing and a Graduate Certificate in Performance Audit.

Richard Spurrett, Executive Manager Strategic Projects

BSc, BEng, GDAppFin

Richard Spurrett is responsible for the delivery of the key elements of Icon Water's strategic objectives. Mr Spurrett joined Icon Water in 2015 and has over 30 years' experience in developing and aligning technically oriented organisations to better meet commercial and market needs.

Mr Spurrett has a strong background in project management, information and engineering technology, organisational systems and business transitioning. Mr Spurrett holds a Bachelor of Science, a Bachelor of Engineering (Electrical) and a post graduate diploma in Applied Finance.

Remuneration

The voting shareholders determine the remuneration for Directors. The Board meets as the Remuneration Committee to discuss remuneration issues for the Managing Director. Board Committee members and Directors of Icon Distribution Investments Limited and Icon Retail Investments Limited are not remunerated.

Table 1: Board/s and Executive Remuneration table 2014–15

Name and Position	Short term employee benefits \$				Long-term employee benefits – long service leave (note 2) \$	Termination benefits \$	Total \$
	Salary, fees and short-term compensated absences	Short-term profit-sharing and other bonuses	Non-monetary benefits (note 1)	Superannuation \$			
Dr Michael Easson AM Non-Executive Chairman	69,600	-	-	9,069	-	-	78,669
Wendy Caird Non-Executive Deputy Chair	39,989	-	476	5,211	-	-	45,676
John Knox Managing Director of Icon Water	619,145	-	476	74,297	12,568	-	706,486
Dr Allan Hawke AC Non-Executive Director	34,773	-	-	4,531	-	-	39,304
Carol Lilley Non-Executive Director	34,751	-	-	-	-	-	34,751
Jennifer Goddard Non-Executive Director	34,773	-	476	4,651	-	-	39,900
Rachel Peck Non-Executive Director	34,773	-	476	4,531	-	-	39,780

Name and Position	Short term employee benefits \$				Long-term employee benefits – long service leave (note 2) \$	Termination benefits \$	Total \$
	Salary, fees and short-term compensated absences	Short-term profit- sharing and other bonuses	Non-monetary benefits (note 1)	Superannuation \$			
Amanda Lewry General Manager Asset Management	326,453	-	210	39,174	29,360	-	395,197
Ray Hezkial General Manager Project Delivery, Operations and Maintenance	321,255	-	2,289	38,551	21,505	-	383,600
Chris Webb General Manager Safety and Business Solutions (note 3)	372,092	-	221	54,940	37,712	104,000	568,965
Sam Sachse General Manager Finance	319,263	-	2,559	37,902	29,310	-	389,034
Jane Breaden General Manager Governance	275,352	-	-	47,915	-	-	323,267
TOTAL	2,482,219	-	7,183	320,772	130,455	104,000	3,044,629

Notes:

- 1) Non-monetary benefits are free or subsidised goods or services relating to services in the current period, such as car parking expenses, gym fees and professional membership fees including fringe benefits tax, where applicable.
- 2) Icon Water changed from a cash payment to an accruals method of disclosing remuneration for the 2014–15 financial statements. This change was made to correlate disclosures with amounts recognised in the financial statements. For long service leave, the amount accrued is disclosed when the employee has reached seven years of service. The senior executives who have reached seven years during this financial year are Amanda Lewry (opening balance \$40,812) and Sam Sachse (opening balance \$31,840). Refer to financial statements for additional disclosures.
- 3) Chris Webb ceased employment on 30 June 2015 as General Manager, Safety and Business Solutions. The annual leave entitlement on cessation was \$56,104 which has been included in the 'salary, fees and short term compensated absences' column in addition to his 2014–15 salary. Mr Webb's notice period entitlement and annual leave entitlements have not been paid as at 30 June 2015, however have been included in the remuneration table above.

Human resources

Organisational structure

Icon Water's organisational structure is comprised of six groups, each led by a General or Executive Manager:

- Asset Management (combining water and sewerage functions)
- Project Delivery, Operations and Maintenance
- Safety and Business Solutions
- Finance
- Governance
- Strategic Projects



A Strategic Project Management Office (SPMO) was established in early 2015. The SPMO will drive the scoping, planning, implementation and oversight of Icon Water's strategic projects. Some projects will be directly managed by the SPMO and others will have SPMO oversight. The SPMO has a program of well-defined initiatives that will ensure the achievement of our strategic objectives.

Culture

Icon Water completed employee culture surveys in November 2014. Previous culture surveys were conducted in 2012 and 2013. Consistent with previous results, the surveys identified a need for continual improvement in relation to change management, performance management and internal communications. Icon Water's People Strategy was developed in 2014–15 to directly address our strategic objective to protect, engage and develop our people.

A program to embed Icon Water's values of Safety, Excellence and Openness has been initiated. It includes a relaunch of the internal recognition awards program, and the development of behavioural descriptors for each value for use in individual and team performance planning.

Throughout 2014–15, all Icon Water senior leaders participated in a program of multi-rater (360 degree) feedback and coaching.

Staffing profile

At 30 June 2015 staffing numbers totalled 388 (FTE).

Table 2: Staff profile by employment type and gender

	Female	Male	Total
Full Time Equivalent	91.5	296.4	387.9
Headcount	94.0	297.0	391.0
% of workforce (based on headcount)	24.0	76.0	100.00

Table 3: Staff profile by employment category and gender (Headcount)

Employment category	Female	Male	Total
Casual	0	0	0
Permanent Full-time	80	283	363
Permanent Part-time	9	2	11
Temporary Full-time	4	11	15
Temporary Part-time	1	1	2
Total	94	297	391

Table 4: Staff profile by age groups and gender (Headcount)

Age Group	Female	Male	Total
20-29	17	15	32
30-39	41	82	123
40-49	28	96	124
50-59	5	67	72
60 and over	3	37	40
Total	94	297	391

Table 5: Staff profile by average years of service by gender (Headcount)

	Female	Male	Total
Average years of service	6.72	12.66	11.23

Table 6: Staff profile by equity and diversity groups (Headcount)

	Number	Percentage
Aboriginal and Torres Strait Islander	3	0.77
Culturally and Linguistically Diverse	26	6.65
People with disability	5	1.28
Total	34	8.70

Attraction and retention

Icon Water is actively pursuing strategies to build and support a strong workforce. These include strategies relating to:

- recruitment practices
- workforce capability
- career progression and succession planning
- workforce diversity.

Our 2014 Enterprise Agreement contains an Attraction and Retention Allowance payable to employees who work in classifications in the Electrical and Instrumentation Maintenance Section including electrical apprentices, fitters and technicians, professional and technical officers.

The allowance varies from \$55.12 to \$114.66 per week, depending on the classification.

Work health and safety

Safety is one of Icon Water's core values, which underpins our strategic goal of being the 'premier, most trusted water utility'. Icon Water is committed to operating and continually improving an effective Safety Management System (SMS) that conforms to AS/NZS 4801:2001 *Occupational health and safety management systems – Specification with guidance for use*, to achieve organisational objectives and support compliance with legal obligations including the *Work Health and Safety Act 2011* (ACT).

During 2014–15, we established a new safety policy which documents the Executive and Board's commitment to effective safety management. We also reduced the number of work health and safety committees to three, which include eighteen health and safety representatives across Icon Water sites.

Notifiable safety incidents reduced from 25 (2013–14) to seven (2014–15). The number of all incidents recorded reduced from 400 (during 2013–14) to 361 (during 2014–15).

Operation of the SMS includes ongoing review of safety-related procedures and work instructions. Key processes developed include Lock Out Tag Out (which relates to safe isolation of the network during maintenance) and Safety in Design (which will provide a systematic approach to the integration of hazard identification and risk assessment methods in the design phase of our capital expenditure projects).

Icon Water undertook two significant safety projects during 2014–15 which are nearing finalisation. The first was a review of the Chemical Management System, ChemWatch, which identified gaps in the provision of chemical information to Icon Water workers. As a result of this review, a new ChemWatch database has been built with input from across the company to ensure the chemical information is accurate and relevant for each site.

The second project examined the risk and related controls for exposure to Polycyclic Aromatic Hydrocarbons (PAH). This PAH exposure health monitoring program was conducted in February 2015. Icon Water engaged external expert advisers including industrial hygienists and Icon Water's corporate health provider.

Icon Water's safety management team was re-structured to comprise two components: safety strategy and safety services. The safety strategy team focus on the implementation of the work health and safety strategy. The safety services team provides safety 'Business Partners' who work with each Icon Water group to meet their operational safety needs.

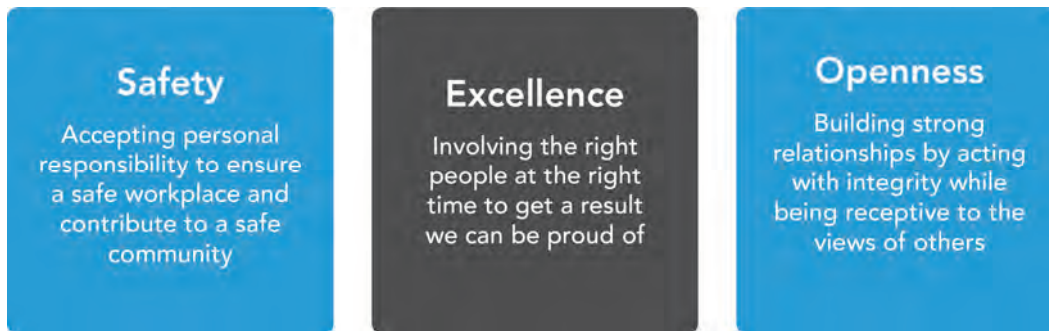
Outlook (2015–16)

Icon Water's Statement of Corporate Intent 2015–16 to 2018–19 outlines Icon Water's core purpose, values, strategic goal and objectives guiding its business and commitment to its shareholders and customers.

Core purpose

To sustain and enhance the quality of life

Core values



Strategic goal

The premier most trusted water utility

Strategic objectives: 2015–16



Key priorities: 2015–16

Over the period 2015–16 to 2018–19, Icon Water will achieve its strategic objectives through four strategies. Key priorities in 2015–16 will include:

- People strategy – continued implementation of the Work Health and Safety Strategy 2014–16 and the People Strategy 2015–2018.
- Asset management strategy – continued improvement to asset management processes under an enterprise asset management strategy and commencement of projects to deliver a new asset management and maintenance system.
- Brand strategy – undertaking external education on the brand and further aligning the brand, sponsorship and customer service strategies.
- Financial strategy – continuing to improve long term operational efficiency, implementing a procurement improvement initiative and developing a long term investment strategy to maximise value of the energy investment.

Section 2

Governance and scrutiny



Internal accountability

The Icon Water Limited Board (the Board) is responsible for the governance of Icon Water and its controlled entities. The Board is supported by a number of committees and controlled entity boards which actively manage our investment in ActewAGL.

Icon Water's corporate governance structures and practices provide the framework for the management and achievement of the company's objectives. The corporate governance framework includes board and committee charters, policies, procedures, delegations, corporate registers, a Code of Conduct and arrangements for risk management, internal audit and legislative compliance. Framework documents detail and promote the high standards of governance, accountability and compliance required of all personnel.

During 2014–15, several governance improvement initiatives were completed. These related to board governance, board operations, risk management and organisational performance management.

Icon Water has reporting and compliance obligations under Commonwealth and ACT legislation including the *Corporations Act 2001*, *Privacy Act 1988*, *Territory-owned Corporations Act 1990*, *Work Health and Safety Act 2011*, *Utilities Act 2000*, *Water Resources Act 2007*, *Environment Protection Act 1997*, *Water and Sewerage Act 2000* and the *Public Health Act 1997*.

A number of licences and regulations govern the operations of the water and sewerage business. A legal compliance database – CMO Compliance – is used by Icon Water to identify the legislative obligations with which the business must comply. These obligations are mapped to relevant processes, procedures and responsible roles within Icon Water.

Details of licence and regulation compliance for 2014–15 are on page 11 and in the Financial Reports at pages 4 and 5.

Statement of corporate intent

Icon Water has agreed business objectives, activities and priorities with the voting shareholders. These are detailed in an annual Statement of Corporate Intent (SCI). The 2014–15 to 2017–18 SCI was tabled in the ACT Legislative Assembly on 3 June 2014 with a modified SCI subsequently tabled on 25 November 2014. Quarterly reports on the progress of priorities outlined in the SCI, financial and operational matters, as well as reports and briefings on key and emerging issues, were provided to the voting shareholders during the year.

Policies and procedures

Icon Water's Integrated Management System (IMS) is a set of interrelated elements which operate to develop organisational strategy, translate it into operational actions, and to monitor and improve the effectiveness of both. The IMS incorporates our governance framework (how our organisation is directed and controlled) and our management operating system (how those directions are carried out in practice).

Icon Water has a suite of 11 overarching corporate policies which articulate the intentions and directions of the Executive in relation to key business functions. IMS policies are approved by the Icon Water Board and supported by related procedures. Corporate policies and procedures are available to all Icon Water staff on the Icon Water intranet and are subject to regular review and improvement.

Code of conduct

Icon Water's Code of Conduct (Code) outlines the high standards of honesty, integrity and ethical and law-abiding behaviour expected of all Icon Water workers. A review of the Code was undertaken during the year to ensure it adequately reflects our new brand, core values and Enterprise Agreement. The revised Code was issued in May 2015, to ensure that the standards Icon Water expects of its workers are clear and easy to understand. The Code is available to Icon Water staff via the IMS on the Icon Water intranet.

Internal audit

In accordance with the Audit and Risk Management Committee (ARMC) Charter, the ARMC operates as a Committee of the Icon Water Board. The role of the ARMC is to provide independent assurance and advice to the Board on the integrity of Icon Water's internal control and compliance framework. The ARMC achieves this through their review and independent assurance on matters relating to assurance, risk management and internal control, and financial management.

Details of the ARMC members are outlined below:

Name of Member	Position
Carol Lilley	Chair
Jennifer Goddard	Member
Dr Allan Hawke AC	Member

Further details of ARMC meetings (including attendance) held in 2014–15 are provided in the Financial Reports on page 2.

Internal Audit provides an independent, objective assurance and consulting activity designed to add value and improve Icon Water's operations. The ARMC is responsible for oversight of the Internal Audit function. Internal audit is responsible for:

- maintaining and continually improving an effective internal audit framework that conforms to relevant best practice principles and standards
- developing and executing a broad, comprehensive program of internal audit activity to evaluate and improve the effectiveness of Icon Water's risk management, quality (internal) control and governance processes necessary to achieve organisational objectives.

At Icon Water, internal audit activity is performed in accordance with the established internal procedure, which conforms to *AS/NZS ISO 19011: 2014 Guidelines for Auditing Management Systems*.

Icon Water uses an assurance map to target internal audit activity, specifically through the development of a three year internal audit strategy. Assurance mapping identifies the assurance activities undertaken to address significant risks impacting an organisation. The three year internal audit strategy is supported by the annual internal audit program. The annual internal audit program incorporates a broad range of internal audits including audits examining compliance and performance.

In accordance with Icon Water's internal audit methodology, Internal Audit reports the following to the ARMC on an ongoing basis:

- the status of audits from the annual internal audit program
- the outcomes of all audits contained in the annual internal audit program
- the status of implementation of internal audit recommendations.

Risk management

Risk management is an integral component of Icon Water's business activities and is applied at all levels of the organisation to assist in robust planning and decision making.

Risk management supports corporate governance through the development, implementation and continuous improvement of Icon Water's risk management framework and is consistent with *AS/NZS ISO 31000:2009 Risk management – Principles and guidelines*. The framework includes risk management policy and procedures, tools, templates, training and support and is subject to ongoing review and continuous improvement.

Formal identification of significant risks at the organisation and business unit level is undertaken through workshops involving subject matter experts and key stakeholders. Risks are stored electronically, and managed and monitored across all business areas in accordance with Icon Water's risk management framework.

As required by the established procedures, key risks are reported regularly to Icon Water's Audit and Risk Management Committee and ongoing reviews of all risks, ratings and controls are undertaken by responsible business areas as part of core business.

Icon Water also mandates risk assessments for a number of business activities to identify new and emerging risks. Risk assessments are required to be documented, regularly monitored and reviewed. Open source publications and researched data is also reviewed to stay across emerging topics.

Fraud prevention

Icon Water's fraud control plan includes a range of measures to prevent, detect and respond to incidents of fraud and corruption within the organisation. The plan was developed following a comprehensive fraud risk assessment.

Fraud prevention in Icon Water includes formal fraud awareness training which is conducted on a biennial basis. Fraud prevention training is also scheduled for July 2015, as a mandatory online session for all employees. Supplementary awareness training was conducted throughout 2014–15 along with other prevention measures such as a fraud awareness booklet, adhoc face to face training, new starter induction and intranet advice.

Icon Water received two allegations of fraud during 2014–15 through its whistle-blower hotline, both of which were investigated internally. Both investigations were finalised and it was determined that no fraud or corruption had occurred in either allegation. However, additional management processes were implemented to ensure no further recurrence of identified issues.

Legislative Assembly Committee inquiries and reports

Government Response to the Report of the Select Committee on Estimates 2014–15 — Inquiry into Appropriation Bill 2014–15 (12 August 2014)

Recommendation No. and Summary	Action	Status
<p>Recommendation 58</p> <p>The Committee recommends that following the agreement of the debt strategy by the ACTEW Corporation Board, the ACT Government inform the Legislative Assembly of the Strategy within four sitting days of the conclusion of the agreement.</p>	<p>Government response:</p> <p>Noted. The level of information that can be provided in relation to the debt strategy will be determined by the ACTEW Board depending on relevant considerations.</p> <p>Action</p> <p>The Board has not yet approved a final debt strategy to provide to the ACT Legislative Assembly. Icon Water continues to work closely with the ACT Government and its Board in mapping out a high level debt strategy.</p>	In progress
<p>Recommendation 59</p> <p>The Committee recommends that following any resolution on the ActewAGL debt facility that the shareholders detail to the Legislative Assembly the effect of such decisions for ACTEW Corporation.</p>	<p>Government response:</p> <p>Noted. The level of information to be provided regarding the establishment of a new debt facility for ActewAGL and its impact on ACTEW Corporation will depend on relevant commercial considerations.</p> <p>Action</p> <p>Discussions about the proposed ActewAGL debt facility are ongoing between ACT Government Treasury and ActewAGL. Any future resolution on the facility will be notified to Icon Water's shareholders for provision to the ACT Legislative Assembly.</p>	In progress

**Standing Committee on Public Accounts – Report on Annual and Financial Reports 2013–14
(26 March 2015)**

Recommendation No. and Summary	Action	Status
<p>Recommendation 12 (Item 5.167)</p> <p>The Committee recommends that the ACT Government table in the ACT Legislative Assembly by the last sitting day in August 2015 the final costs for rebranding of ACTEW Corporation Limited. This should include a detailed reconciliation of the cost components and the means by which recognition of the new brand will be evaluated.</p>	<p>Icon Water will provide the final rebranding costs to its shareholders to facilitate the tabling of the costs in the ACT Legislative Assembly by the last sitting day in August 2015.</p>	<p>In progress</p>

Auditor-General and Ombudsman reports

ACT Auditor-General Report No. 7/2014 – 2013–14 Financial Audits (19 December 2014)

The report contained 14 recommendations all of which were noted by the ACT Government.

Chapter 5 of the audit report contained the audit results and findings on ACT Government agencies and other entities including Icon Water (previously ACTEW Corporation Limited). There were three new audit findings for Icon Water summarised below. Icon Water agreed to address all audit findings.

Audit finding	Action	Status
There was no independent and qualitative assessment of whether the value of Icon Water's investment in ActewAGL was impaired.	Icon Water will undertake an independent assessment of both quantitative and qualitative factors on the impairment of the ActewAGL partnership.	Completed for the 2014–15 financial statements
There are no loan documents setting out the repayment terms of loans between Icon Water and its subsidiaries.	Intercompany loan documents were finalised and presented to the Icon Water Board in February 2015.	Complete
Icon Water should determine the fair value of property, plant and equipment of ActewAGL at the beginning of the next regulatory period.	Icon Water will undertake an assessment of the fair value of property, plant and equipment of the ActewAGL partnership.	Completed for the 2014–15 financial statements

ACT Auditor-General Report No. 3/2015 – Restoration of the Lower Cotter Catchment (20 May 2015)

The report noted the many instances where Icon Water has sought to positively influence activities in the Lower Cotter Catchment and provided funds and assistance to ensure the protection of the catchment. The report contained 12 recommendations to improve catchment management. Icon Water has shared responsibility to implement one of the 12 recommendations and looks forward to working with the ACT Government on a number of others.

ACT Auditor-General Report No. 6/2015 – Bulk Water Alliance (24 June 2015)

The audit report considered key aspects such as the planning, establishment and management of the Bulk Water Alliance (BWA) and its delivery of three major water security projects – the Enlarged Cotter Dam (ECD), the Murrumbidgee to Googong Pipeline (M2G) and the Googong Dam Spillway. The audit report contained no recommendations but acknowledged that, because of the high value and complexity of the ECD and M2G projects, the use of the alliance framework was effective and appropriate. The report also identified that the BWA selection processes conformed with best practice guidance and Icon Water's management of the BWA was effective with respect to governance, administrative arrangements, systems and processes.

There were no Ombudsman Reports relating to Icon Water during 2014–15.

Section 3

Community engagement



Community engagement and support

Community engagement

The community engagement program is an integral component of Icon Water's strategy to actively engage with the Canberra community on a range of matters.

Icon Water has carried out a broad range of engagement and education activities with a number of groups within the local community demonstrating the value of our products and infrastructure. Planned engagement activities enable the business to educate and seek to change behaviour of the community in areas where there may be risk of causing environmental damage, or network impact, and potentially costing the business, and ultimately the community, more in the long run.

The topics for engagement in this financial year have included educating the community about the water cycle and Canberra's water and sewerage network; the pristine quality of our drinking water; the protection of our natural environment; and the significant role Icon Water plays as an economic driver of growth and development across the Territory.

Infrastructure and network education

Every year, Icon Water provides the community, particularly through schools and community organisations, with direct access and information regarding its network of infrastructure. This continues to be performed largely through personalised guided tours, appearances and the sharing of knowledge and information face to face and through various mediums and channels (including website, Twitter and YouTube).

Trade waste education and engagement

This year, Icon Water has focused on increasing customer education and engagement activities with regard to trade waste and potentially illegal discharge to the sewerage network. Outputs from this work have included development of a new suite of branded collateral. Targeted communications to identified high risk commercial areas around Canberra included a number of mailouts and direct visits. A mailout to Mitchell businesses with information on their trade waste obligations and a reference poster resulted in 70% reduction in measurable amounts of volatile chemicals in the sewers following the communication.

Uriarra campaign

The residents of Uriarra Village have an onsite sewage collection pod on their properties, which is managed by Icon Water. In late 2014, Icon Water undertook an information and engagement campaign with the Uriarra community to ensure they had the information that they required to operate their systems correctly, and where they could go for more information. Targeted collateral was distributed to residents at a community drop-in session event with experts available to answer questions. The event was well received and a significant reduction in blockages was recorded after the campaign.

Wet wipes and domestic sewerage network issues

In 2014, Icon Water began to engage with the Canberra community about the negative impact that flushed wetwipes are having on our sewerage network in the form of blockages and increased maintenance requirements. A dedicated webpage has been developed (www.iconwater.com.au/draincare) with downloadable information on a number of community focused campaigns currently being planned to further engage and educate consumers.

Cotter Dam Discovery Trail, treatment plant and asset tours

The Cotter Dam Discovery Trail remains the top drawcard for school groups to understand how the urban water cycle works in Canberra and to understand the role that Icon Water plays. Icon Water also provides tours of treatment plants on request. Since August 2014, 1557 (including 1452 school children) people have been on one of these tours representing primary and high school audiences, community groups, tertiary and industry groups and international delegations.

Googong Dam source water protection education and engagement strategy

Googong Dam allows for restricted recreation in order to protect its place as a drinking water source. Planned population increase to the Googong township nearby has created the need to reinforce the rules of recreation at the reservoir and to build ownership by the new residents of the area. A detailed strategy has been developed with several short, medium and long term objectives to ensure that the water quality of the Googong Dam is not compromised with increasing recreational use. Local government agencies such as the ACT Parks and Conservation Services are also party to the strategy.

Digital strategy

Icon Water has further developed its Digital Strategy to ensure it is creating and sharing educational content in an engaging and contemporary manner. A range of educational digital clips about the Lower Molonglo Water Quality Control Centre (LMWQCC) have been created to talk about its history and the important work that it does in servicing the waste water needs of Canberra and the region. The next stages in the strategy are to build a number of explanatory digital clips about network protection issues; emergency management support initiatives; and general information about our business. It is envisaged that this will provide ACT residents with a better understanding of the importance and the role our water and sewerage networks play economically and environmentally across the ACT region.

Details of the community consultation, engagement and education programs undertaken during the reporting period are outlined below.

Project	Consultation Process (tools used)	Groups or Individuals consulted	Approx. number consulted	Outcome
Cotter Dam Discovery Trail and Treatment Plants school education program	<ul style="list-style-type: none"> • Education about water resources • In school presentations • School tours of Cotter Dam 	ACT and interstate primary and secondary schools	1400+	Raise awareness of water supply, sustainability, and conservation in Canberra via education of science, history, and environment learning outcomes
Source Water Protection program	<ul style="list-style-type: none"> • Participation in committee meetings • Participation at community events • Support for community-based water quality and engagement roles • Website 	ACT region residents, community groups, landholders	50+	Relationship building, information sharing, raising community awareness with regard to water quality protection issues
Icon Water community engagement and awareness program	<ul style="list-style-type: none"> • Participation at local exhibitions such as the Lifestyle and Leisure Show; Googong Fishing Expo; Ancold Conference • Participation at local festivals • Participation in conferences – AWA Water Matters; ANCOLD conference; OzWater • Community group talks • Advertising • Articles in publications • Flyers and leaflets • Twitter (social media) • YouTube (social media) • Website • Media releases 	ACT residents and visitors. Interstate water industry operators and local trade community. Web users	150,000+	Relationship and awareness building. Knowledge of services available
Murrumbidgee to Googong (M2G) Water Transfer Project	<ul style="list-style-type: none"> • Environmental Reference Group meetings • Field visit • Newsletters/email updates • On-ground response to concerns raised by stakeholders 	Burra landholders and stakeholder groups	50+	Relationship building, two-way information exchange on M2G operations, compliance with licence requirements
Branding awareness and engagement	<ul style="list-style-type: none"> • Public relations and media • Inclusions in billing collateral • Radio and press advertising • Website • Stakeholder engagement activities • Sponsorship engagement 		50,000+	

Sponsorship and donations

In 2014–15, Icon Water continued to refocus its Sponsorship and Donation Framework in order to maximise returns to the community and benefits to the organisation.

Icon Water's Sponsorship and Donation Framework (the Framework) is designed to maximise returns to the community and benefits to the organisation. The Framework has two primary objectives:

- To meet the objectives under the *Territory-owned Corporation Act 1990*, 'to 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'.
- To complement and progress the organisation's goals as described in the Statement of Corporate Intent through strong brand positioning, providing avenues to deliver key messages and value-adding to marketing and communication priorities.

Further work will continue on the focus, realignment and mix of Icon Water sponsorship, community support and major events commitments. Consideration will be given to the Icon Water brand values and how it can use the various sponsored assets to help tell the Icon Water story (what we do, how we do it and what it means for the community).

The framework is divided into two categories: the Major Events Program and the Community Support Program.

The Major Events Program consists of sponsorship for cultural, arts, sport, education and community events. Commitments were made for a total of \$284,869 for 13 events through the Major Events Program during 2014–15 (see Table 7).

Table 7: Major Events Program

No	Name	Purpose	Amount \$
1	National Gallery of Australia – James Turrell Exhibition	Event sponsorship	62,500
2	Canberra Symphony Orchestra – Grand Gala Concert	Event sponsorship	46,305
3	ACT Government – Windows to the World	Event sponsorship	35,000
4	Canberra International Annual Music Festival	Event sponsorship	31,818
5	Canberra Area Theatre Awards – Annual Theatre Awards	Event sponsorship	25,000
6	National Arboretum Canberra - Voices in the Forrest Concert	Event sponsorship	20,000
7	Canberra Symphony Orchestra – Llewlyn Series	Event sponsorship	12,155
8	Australian National Committee on Large Dams Conference	Event sponsorship	10,000
9	ACT Government Community Services – National Multicultural Festival	Event sponsorship	10,000
10	RSPCA – Million Paws Walk	Event sponsorship	10,000
11	National Breast Cancer Foundation	Event sponsorship	9,091
12	Barnardos Golf Day Gold Creek Country Club	Event sponsorship	8,000
13	Friends of the Australian National Botanic Gardens – Summer Series	Event sponsorship	5,000
<i>GST inclusive where applicable</i>			Total
			\$284,869

The Community Support Program provides financial and in-kind assistance to organisations that provide valuable community support services and programs, and various community activities which provide and encourage community access and participation. In this category, sponsorships and donations were committed for \$215,209 to 46 groups, individuals and organisations during 2014–15 (see Table 8).

Table 8: Community Support Program

No	Name	Purpose	Amount \$
Sponsorships			
1	Menslink	Organisation sponsorship	25,000
2	GWS Giants	Event and Game-day activation sponsorship	20,000
3	Master Plumbers ACT	Awards night sponsorship	13,000
4	Lifeline Canberra	Fun Run – event sponsorship	10,000
5	Keep Australia Beautiful National Association Inc	Event sponsorship	10,000
6	Physical Activity Foundation Ltd	School Program sponsorship	10,000
7	Solid Young Fullas Aboriginal Corporation	Sponsorship of sporting team	9,000
8	Canberra Cavalry	Team sponsorship	7,500
9	Karinya House	Organisation sponsorship	7,000
10	Kidsafe ACT	Water Safety Program sponsorship	6,364
11	Woden-Weston Football Club	Team sponsorship	5,000
12	Big Boys Toys Expo	Event sponsorship	5,000
13	Calisthenics ACT	Event sponsorship	5,000
14	Canberra Cavalry Foundation	Charity Partners Ticketing sponsorship	5,000
15	North Canberra Gunghalin Cricket club	Team sponsorship	5,000
16	Tennis ACT – Seniors	National Titles event sponsorship	5,000
17	Engineers Australia	Program sponsorship	5,000
18	Canberra Museum and Art Gallery	Program sponsorship	4,800
19	Communities at Work	Program sponsorship	4,200
20	ACT Water Matters (Australian Water Association Ltd)	ACT Water Industry Conference	3,500
21	Canberra Retirement Lifestyle	Event sponsorship	3,060
22	Vietnam Vets Motorcycle Club – Children’s Toy Run	Event sponsorship	3,000
23	Lifeline Canberra	Gala event	3,000

No	Name	Purpose	Amount \$
24	Yass Picnic Race Club - Handicap Picnic Races	Event sponsorship	3,000
25	ACT Branch of the Order of Australia Association Ltd	Program sponsorship	3,000
26	Snowy Hydro South Care	Women in Business event sponsorship	2,727
27	Queanbeyan Blues Masters	Team Sponsorship	2,500
28	Woden Valley Youth Choir Inc (Carols by Candlelight)	Event sponsorship	2,500
29	Exhibition Park in Canberra (Pooch Affair)	Event sponsorship	2,500
30	The Communication Link	Hand Across Canberra event	2,273
31	Artists Society of Canberra Art Show	Event sponsorship	2,000
32	Queanbeyan Art Society	Event sponsorship	2,000
33	Canberra Amateur Swimming Club	Event sponsorship	2,000
34	Cancer Council	Relay for Life event sponsorship	2,000
35	Conservation Council ACT Region Inc	Event sponsorship	1,500
36	NRL Master Season	Team sponsorship	1,500
37	Yass Polocrosse Club	Annual Carnival - event sponsorship	1,500
38	ACT Eden Monaro Cancer Support Group	Event sponsorship	1,091
39	The Salvation Army	Royal Canberra Show Exhibitor sponsorship	1,000
40	Karinya House	Mother's Day Ball - Event sponsorship	909
41	Woden-Weston Football Club	Match Day Sponsorship Men's National Premier League Open	346
Donations			
42	Menslink VIP Tour of the Australian War Memorial	Organisation donation	3,500
43	ACT Volunteers Brigade Association	Donation	1,039
44	Lifeline Canberra	Fundraising dinner	1,000
45	2XX Community Radio – radiothon	Event donation	500
46	Cure Brain Cancer Foundation	Fundraising donation	400
<i>GST inclusive where applicable</i>			Total
			\$215,209

Section 4

Ecologically sustainable development



Ecologically sustainable development

Icon Water has a strong commitment to environmental protection and sustainability. This is achieved through a fully compliant Environmental Management System (EMS) that has been maintained to the international standard ISO14001:2004 *Environmental Management Systems*. During the year, we implemented a range of environmental and sustainability actions and programs in line with our EMS and sustainability framework.

Icon Water has a team of professionals in the fields of environment, engineering and sustainability to deliver professional environmental services and ensure Icon Water mitigates its risks and drives sustainable outcomes for the business. This has included the facilitation of external project approvals with regulators, providing internal and external environmental advice, and undertaking environmental impact assessments, technical reviews and sustainability assessments for planned capital works projects.

As a major asset owner in the ACT, Icon Water continued to protect and reduce environmental risks from its major assets through the development and delivery of site specific Environmental Management Plans (EMPs). This has included an updated Operational Environmental Management Plan for the Murrumbidgee to Googong Pipeline and the Lower Molonglo Water Quality Control Centre. Work commenced on new EMPs for the Mount Stromlo Water Treatment Plant, Fyshwick Sewage Treatment Plant and the Canberra Sewer Network.

Icon Water has achieved compliance with all ACT and Commonwealth environmental flow requirements. We also met major project compliance, authorisation and licence requirements with one exception. This exception included one discharge incident and two separate minor exceedances of license discharge parameters at Uriarra Sewage Treatment Plant. Both the incident and exceedances were reported to the regulator consistent with licence conditions.

Icon Water has continued its focus on carbon and energy management with programs aimed at energy avoidance, energy efficiency, demand management, renewable and low emission energy sources and carbon offsets. Investigations have been undertaken to design the replacement of the mini-hydro generator at Mount Stromlo Water Treatment Plant and optimise the Googong mini-hydro and electricity metering and tariff structures which have been adjusted to take advantage of cheaper off-peak water pumping. The development of a new Energy Strategy commenced in 2014 and will be launched in early 2015–16. To inform the strategy, energy audits were performed which identified a range of opportunities to improve energy efficiency and generate energy from renewable sources. Icon Water's new contestable retail electricity contract will also commence in 2015–16 which will achieve significant energy cost reductions.

These and other projects are contributing to the ACT Government emission reduction targets of 40% reduction of 1990 emission levels by 2020 and achieving cost savings for Icon Water. Overall total greenhouse gas emissions have decreased by approximately 5,758 tonnes of carbon dioxide equivalence (tonnes CO₂-e) in 2014–15 compared with the previous year (excluding offsets).

Icon Water established 3,880 hectares of carbon forestry offsets, with one of these offsets certified under the Carbon Farming Initiative. 6,174 surplus Australian Carbon Credit Units (ACCU) from this plantation were sold in 2014–15 which generated additional revenue for Icon Water.

Icon Water was recognised for its delivery of sustainable infrastructure by winning the overall award for Sustainable Solutions in Public Works and the Sustainable Infrastructure category in July 2014. Icon Water was also the first organisation in Australia to be awarded with two commended ratings from the Infrastructure Sustainability Council of Australia (ISCA) in August 2014 for its sustainability credentials of two infrastructure projects: the Googong Water Treatment Plant Chemical Dosing Facility and the Enlarged Cotter Dam.

Icon Water continued to deliver its Cotter Environmental Flow Plan, Cotter Dam Fish Management Plan and Below Dams Ecological Monitoring Program to ensure the quality of the water ecosystems is understood and protected. A revised Murrumbidgee Ecological Monitoring Program was introduced to further refine and focus the scope of investigations while also realising significant savings in times of non-operation.

The two biodiversity offsets sites established to mitigate environmental impacts from the water security projects continue to deliver on-ground conservation benefits. In 2014–15, significant revegetation and weed control measures, fencing modifications and burning of land around the threatened *Swainsona recta* near Williamsdale were implemented to enhance conservation values and allow for the successful propagation of the species.

In 2014, Icon Water's work in source water protection to protect drinking water catchments and maintain water quality, won an ACT Sustainable Cities Award in partnership with the Southern ACT Catchment Group, for its delivery of water education in schools and community groups in the Tuggeranong area and raising student and teacher awareness of the need to protect water and its ecosystems. Work to educate teachers and schools on the water cycle, water ecosystems and water conservation is on-going.

Icon Water developed a *Bushfire Operational Plan 2014–15* (endorsed by the Commissioner of the Emergency Services Agency) and managed vegetation to minimise fuel load around assets to reduce risk to continuity of water and sewage services, staff and public safety.

Table 9 – Sustainable development performance – current and previous financial year

Indicator as at 30 June	Unit	Current FY	Previous FY	Percentage change
Staff				
Icon Water staff	FTE	388	389	-0.2%
Stationary energy usage				
Electricity use	Kilowatt hrs	32,667,724	32,561,972	0.3%
Renewable electricity use	Kilowatt hrs	66,917	0	N/A
Natural gas use	Megajoules	1,188,691	890,358	33.5%
Transport fuel usage				
Total number of vehicles	Number	144	159	-9.4%
Total kilometres travelled	Kilometres	1,978,872	3,179,137	-37.8%
Fuel use – Petrol	Kilolitres	27.3	26.5	3.0%
Fuel use – Diesel	Kilolitres	363.6	360.5	0.9%
Fuel use – Liquid Petroleum Gas (LPG)	Kilolitres	0.4	8.1	-95.0%
Fuel use – Compressed Natural Gas (CNG)	Kilolitres	0	0	0.0%
Water usage				
Water use	Kilolitres	43,446,359	44,811,436	-3.05%
Resource Efficiency and Waste				
Reams of paper purchased	Reams	2,628	752**	Refer to Notes**
Recycled content of paper purchased	Percentage	80%	80%	Nil
Waste to landfill (estimated weight in tonnes)	Litres	115.71	122.11	-5.2%
Co-mingled material recycled (estimated weight in tonnes)	Litres	8.54	7.01	21.8%
Paper & Cardboard recycled (incl. secure paper) (estimated weight in tonnes)	Litres	38.58	38.82	-0.6%
Organic material recycled (estimated weight in tonnes)	Litres	1.12	1.04	7.7%
Greenhouse gas emissions				
Emissions from stationary energy use	Tonnes CO ₂ -e	34,866	36,525	-4.5%
Emissions from transport energy use	Tonnes CO ₂ -e	1,133	1,125	0.7%
Fugitive nitrous oxide emissions from sewerage treatment (Scope 1)	Tonnes CO ₂ -e	10,941	10,842	0.9%
Total emissions	Tonnes CO ₂ -e	46,940	48,493	-3.2%

Table 9 notes:

- 2014–15 energy, fuel and greenhouse gas emission figures are estimated as not all invoicing has been received by the time of data collation
 - Icon Water waste material is ordinarily recorded by weight. Specific office clean up days in April and May generated a further 37 m³ of waste to landfill and 27 m³ of paper and co-mingled material
 - Waste to landfill figures do not include alum sludge or screening material
 - The organic material figures excludes all organic waste generated at Icon Water's Mitchell and Lower Molonglo sites which is composted and used as fertiliser onsite.
- ** The previous financial year data excluded letterhead and other paper categories. The comparative data for reams of paper purchased (including letterhead and other paper categories) for 2013–14 is 2,637 which is a 0.3% reduction from 2013–14 to 2014–15.
-

Commissioner for the Environment

Icon Water continued to engage and assist with the preparation for the ACT's State of the Environment Report. There were no investigations carried out by the Commissioner with Icon Water in 2014–15.

Section 5

Legislation based reporting



Public interest disclosure

The *Public Interest Disclosure Act 2012* (the PID Act) provides for the reporting of wrong doing and for the rights and protection for people who report corrupt, illegal or improper conduct or substantial waste of public resources.

Icon Water has a public interest disclosure procedure for making and investigating public interest disclosures that reflect its obligations under the PID Act. This procedure is under Icon Water's Integrated Management System and is available to all Icon Water staff on the Icon Water intranet.

There were no public interest disclosures made during the year.

Freedom of information

Icon Water Limited (Icon Water) is a company wholly owned by the ACT Government, established under the *Corporations Act 2001*, and is subject to the provisions of the *Freedom of Information Act 1989*.

Section 7 Statement:

Icon Water owns the ACT's water and sewerage business and assets and is a 50% owner of ActewAGL. Icon Water is governed by a seven member board with the eighth director position currently being vacant.

Icon Water's head office is located in the central business district, is wheelchair accessible and central to public transport.

Icon Water provides a telephone and web service to inform and educate the community about Permanent Water Conservation Measures, as well as other forms of public interaction and engagement, such as providing and managing various information, negotiation or consultation services to Icon Water customers on behalf of the organisation. Information of interest to the public, such as service interruptions, water storage levels, water quality standards, price/service charges, water meters, drain care, sponsorship, water conservation, and service obligations outlined in the Consumer Protection Code can be found on the Icon Water website.

Icon Water maintains an Integrated Management System (IMS) within which documents are a central component. The document hierarchy includes policies, procedures, work instructions and forms. Documents in the possession of Icon Water relate to all business and operational activities and are categorised in line with the *Territory Records Act 2002*. Access to these documents can be made available to the public by request to Icon Water's registered office which is located at Level 5, ActewAGL House, 40 Bunda Street, Canberra ACT.

Section 8 Statement:

Icon Water has a number of reporting and compliance obligations under various Commonwealth and ACT legislation. Further information can be found in section 2 Governance and scrutiny (Internal accountability subsection) of this Annual Report.

Section 79 Statement:

No applications were made directly to Icon Water during 2014–15 to access documents. Icon Water received no requests to consult on the release of any documents through third party consultation under the *Freedom of Information Act 1989*.

General inquiries and requests for access to documents held by Icon Water can be made to:

The Company Secretary
Freedom of Information Requests
Icon Water Limited
GPO Box 366,
Canberra ACT 2601

or, by contacting Icon Water on telephone number 6248 3111.

Human Rights Act

Icon Water's Human Rights and Discrimination procedure outlines Icon Water's corporate behaviour standards in relation to protecting human rights as per the *Human Rights Act 2004*. It also provides the framework for managing human rights complaints.

Whilst no matters were received in 2014–2015, one matter was received in June 2014 which was reported in last year's 2013–14 annual report. This matter was successfully resolved with the Human Right Commission during 2014–15 (in September 2014). Icon Water has committed to having a Disability Action Plan registered with the Human Rights Commission by September 2015.

Territory Records Act

Icon Water revised its records management program and associated procedures that were in place with the Territory Records Office (TRO) during the year. Icon Water continues to work with the TRO to align with the whole of Government record keeping model.

Icon Water has transitioned to a new physical document records management system. Icon Water's sentencing of water and sewerage management records is in line with the TRO requirements. Icon Water staff are provided appropriate training to ensure compliance with the *Territory Records Act 2002*.

Table 10: Records Disposal Schedule

Name	Effective	Year and No.
Business Development	2009	NI2009-9
Community Relations	2011	NI2011-84
Compensation	2012	NI2012-183
Corporate Governance	2009	NI2009-10
Equipment and stores	2012	NI2012-186
Establishment	2009	NI2009-437
Financial Management	2011	NI2011-482
Fleet Management	2012	NI2012-187
Government Relations	2011	NI2011-88
Industrial Relations	2011	NI2011-90
Information Management	2011	NI2011-92
Legal Services	2009	NI2009-443
Occupational Health and Safety (OH&S)	2009	NI2009-444
Personnel	2011	NI2011-97
Property Management	2013	NI2013-371
Publication	2013	NI2013-370
Sewerage Management	2014	NI2014-290
Strategic Management	2009	NI2009-453
Technology and Telecommunications	2009	NI2009-454
Water Management	2014	NI2014-291

Legal services directions

Icon Water is a separate legal entity from the Territory and complies with its obligations under the *Law Officers (General) Legal Services Directions 2012* as these apply to it. In relation to claims and litigation, Icon Water utilises the services of a number of commercial legal firms. These firms act in a manner consistent with, and in accordance with, the Model Litigant Guidelines in undertaking work associated with litigation conducted by Icon Water and its subsidiary companies. This is in addition to their obligations and professional duties in relation to practicing as a solicitor under the *Legal Profession Act 2006* (ACT), the *Legal Profession Regulation 2007* (ACT) and the *Legal Profession (Solicitors) Rules 2007* (ACT).

Bushfire risk management

Icon Water's first Bushfire Operational Plan (BOP) was implemented in 2014–15. In accordance with the BOP, hazard reduction works were undertaken at a number of sites including two dams, sixteen reservoirs, five pump stations and three treatment plants. The majority of works involved physical removal of vegetation with some hazard reduction burning conducted in cooperation with the Rural Fire Service (RFS) to remove grass fuels at the Mount Stromlo Water Treatment Plant. A workshop was also conducted with representatives from the RFS and Icon Water's environment, safety and emergency management teams to develop the organisation's bushfire fuel hazard assessment capability.

In May and June 2015, bushfire fuel hazard assessments were undertaken for major Icon Water sites including all dams and treatment plants, the Murrumbidgee to Googong pipeline, Cotter Effluent Absorption Facility, Mitchell Services Centre and some pump stations. These assessments were undertaken using the methodology implemented following advice and guidance from the RFS. These assessments have provided the proposed hazard reduction works for the draft 2015–16 BOP.

A training agreement has been developed and implemented between the Emergency Services Agency and Icon Water for cooperative delivery of nationally accredited basic wildfire awareness training. Delivery of the training has commenced with two courses completed for environment, safety and communications staff. The training aims to improve the safety of Icon Water personnel and their ability to integrate with and provide support to emergency services during bushfire operations.

The 2014–15 BOP has proven an effective tool for facilitating Icon Water's management of bushfire prevention, preparedness, response and recovery efforts and the development of mutually beneficial working relationships with other bushfire stakeholders.

Section 6

Financial management



Financial management analysis

The following financial information is based on audited Financial Statements for 2014–15 and amended comparatives for the 2013-14 financial year.

Operating Result

Icon Water recorded a net profit after tax for the year 2014–15 of \$97.7m (2013-14 \$86.6m).

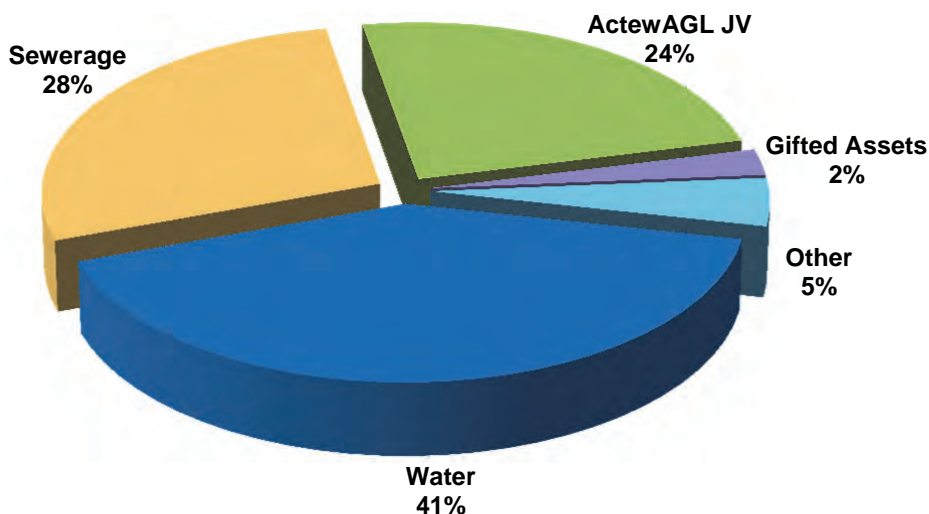
Key factors that contributed to this performance:

- ActewAGL joint venture income was \$17.5m higher than 2013–14, mainly due to higher electricity gross margin
- Finance cost are \$12.4m lower than 2013–14 primarily due to lower interest expense driven by lower CPI and capitalisation of borrowing costs in 2014–15
- Reduced combined Water and Sewerage profits of \$14.4m mainly due to lower ACT water consumption.

Total Revenue

During 2014–15 Icon Water derived \$421.8m in revenue and distributions. The components of this are depicted in the following graph:

Components of Icon Water’s total revenue of \$421.8m for 2014–15



Comparison to 2013–14 Total Revenue

Total revenue of \$421.8m was \$3.0m higher than 2013-14. The main factors were:

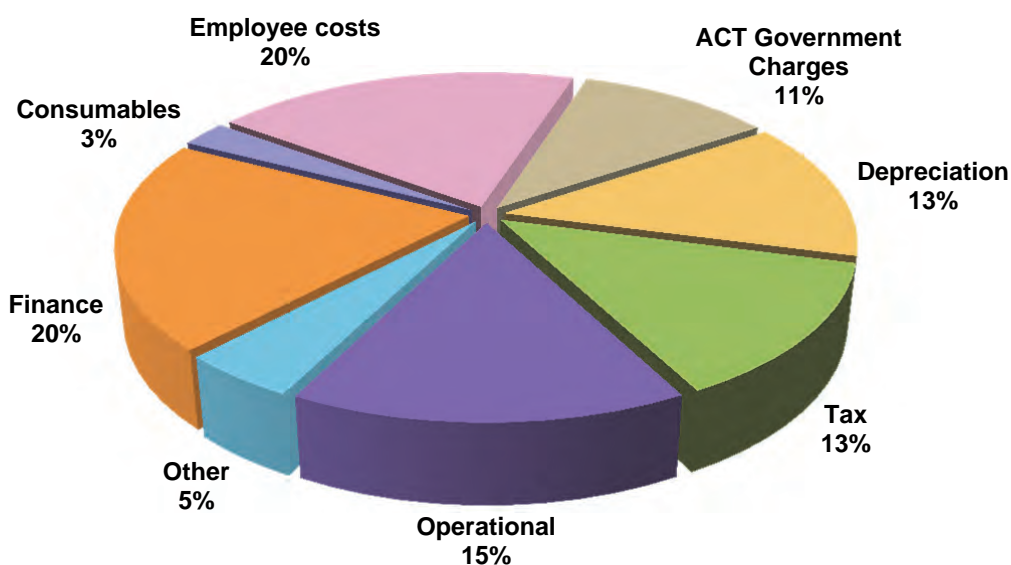
- ActewAGL joint venture income was \$17.5m higher than 2013-14, mainly due to higher electricity gross margin

- Sewerage revenue was \$5.7m higher than the prior year attributable to increased customer base and increased prices in the current year
- Water revenue was \$2.6m lower than the prior year mainly attributable to lower ACT water consumption offset by increased prices in the current year
- Gifted assets revenue was \$9.4m lower than 2013–14, due to higher privately developed gifted assets in the 2013–14 financial year
- Other revenue was \$7.0m lower than 2013–14, mainly due to lower once-off insurance claims recoveries.

Total Expenditure

During 2014–15 Icon Water incurred \$324.1m in expenditure. The components of this are depicted in the following graph:

Components of Icon Water’s total expenditure of \$324.1m for 2014–15



Comparison to 2013–14 Total Expenditure

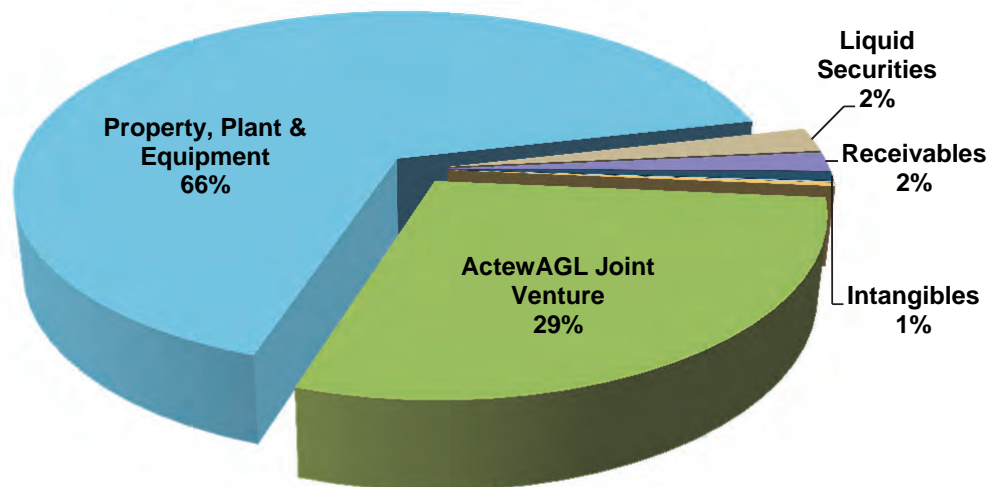
Total expenditure was \$8.2m lower than 2013–14 mainly due to the following factors:

- Finance costs are \$12.4m lower than 2013–14, primarily due to lower interest expense driven by lower CPI and capitalisation of borrowing costs in 2014–15
- Other expenses decreased by \$5.9m, mainly due to the first time recognition of the Commonwealth Superannuation Scheme provision in the 2013–14 financial year
- A \$4.3m increase in income tax equivalents expense, driven by higher profit in 2014–15.

Assets

Icon Water has \$3.2b in assets at 30 June 2015. The components are as depicted in the following graph:

Components of Icon Water Assets of \$3.2b at 30 June 2015



The major components are as follows:

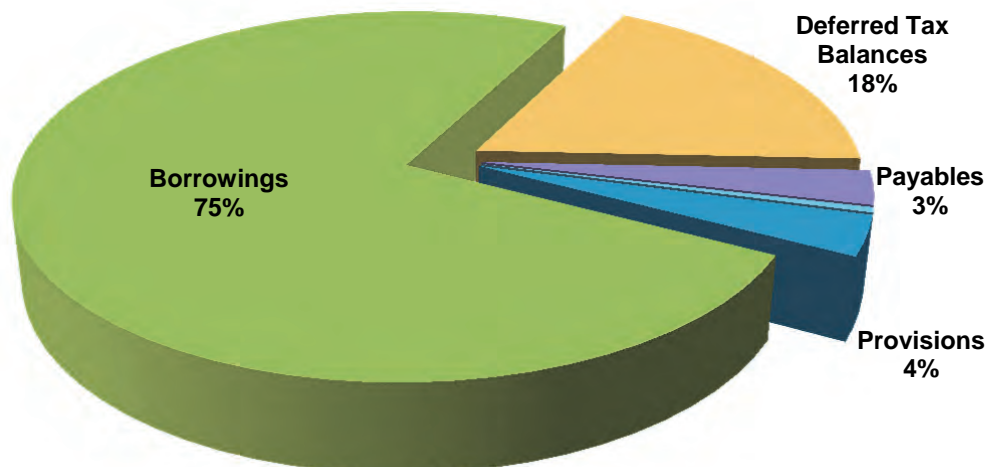
- Icon Water has a book value investment of \$2.1b in property, plant and equipment. This mainly consists of Icon Water's water and sewerage infrastructure assets.
- Icon Water has a carrying value investment of \$918.8m in the ActewAGL Joint Venture that operates in the energy sector. The energy business consists of two separate operations, energy retailing and distribution.

The Distribution partnership assets have been re-valued to fair value in the 2014–15 financial year to align the investment with Icon Water's accounting policies. This resulted in a \$241.4m increase in Icon Water's interest in the ActewAGL Joint Venture based on the application of a discounted cash flow model.

Liabilities

Icon Water has \$2.0b in liabilities. The components are as depicted in the following graph:

Components of Icon Water Liabilities of \$2.0b at 30 June 2015



The major components are as follows:

- Outstanding borrowings at 30 June 2015 are \$1.5b, an increase of \$44.9m in the current financial year
- Deferred tax (net) liability at 30 June 2015 of \$360.7m. This amount is mainly due to the tax effect of past revaluation increases to water and sewerage infrastructure assets and the revaluation increase in the investment in the ActewAGL Joint Venture in 2014–15.

Payments to the ACT Government

Payments to the ACT Government during 2014–15 were \$88.2m as dividends and \$43.7m as income tax equivalent payments.

Financial Reports

Icon Water Limited and Controlled Entities

ABN 86 069 381 960

**General Purpose
Financial Report**
for the year ended 30 June 2015
(previously known as ACTEW Corporation Limited)

Icon Water Limited and Controlled Entities

ABN 86 069 381 960

Financial Report for the year ended 30 June 2015

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This financial report is the consolidated financial statements of the consolidated entity consisting of Icon Water Limited and its controlled entities. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 26 August 2015.

**Icon Water Limited and Controlled Entities
Corporate profile**

Principal registered office in Australia

Level 5, ActewAGL House
40 Bunda Street
Canberra ACT 2600
(02) 6248 3111

Principal place of business

Level 5, ActewAGL House
40 Bunda Street
CANBERRA ACT 2600

GPO Box 366
CANBERRA ACT 2601

Auditor

ACT Audit Office

Solicitors

King & Wood Mallesons
Minter Ellison

Bankers

Commonwealth Bank of Australia

Website

www.iconwater.com.au

Directors' report

The Directors present the financial report of Icon Water Limited (Icon Water) and its controlled entities (Group) at the end of, or during, the year ended 30 June 2015.

Directors

The following persons held office as Directors of Icon Water during the whole of the financial year and up to the date of this report unless otherwise indicated:

Dr Michael Bernard Easson AM, Chairman
Wendy Caird, Deputy Chair, Chair of the Safety and Environment Committee
John Knox, Managing Director
Dr Allan Douglas Hawke AC
Carol Jean Lilley, Chair - Audit and Risk Management Committee
Jennifer Lois Goddard
Rachel Sarah Hartel Peck

Company Secretary

Michele Norris (until 15 July 2014)
Craig Richardson

Craig Richardson is responsible for the governance and company secretary functions of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited. Mr Richardson joined ACTEW (now Icon Water Limited) in 1998, was previously the past president of the ACT's Australian Institute of Credit Management and the Governance and Operations Manager for Icon Water's Water Security Major Projects. Mr Richardson has substantial governance and commercial experience in the water and retail energy sectors, holds a Bachelor of Arts, and a Master of Business Administration.

Jane Breaden, General Manager Governance and Lisa Quinn, Manager of Corporate Services, are the alternate Company Secretaries for the Icon Water Group.

Meetings of directors

Details of Directors' attendance at these meetings are outlined below.

	Icon Water Board meetings		Audit & Risk Management Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings		Safety and Environment Committee	
	A	B	A	B	A	B	A	B	A	B
Dr Michael Bernard Easson AM	11	12	-	-	3	3	-	-	-	-
Wendy Caird	12	12	-	-	3	3	-	-	5	5
John Knox	12	12	-	-	3	3	-	-	4	5
Dr Allan Douglas Hawke AC	12	12	7	7	3	3	-	-	-	-
Carol Jean Lilley	8	12	7	7	3	3	-	-	-	-
Jennifer Lois Goddard	8	12	5	7	3	3	-	-	-	-
Rachel Sarah Hartel Peck	11	12	-	-	2	3	-	-	5	5

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the period

Principal activities

Icon Water is an unlisted public company whose primary business is the delivery of water, sewerage and associated services. Icon Water owns and operates the ACT's network of dams, water treatment plants, sewage treatment plants, reservoirs, water and sewage pumping stations, mains and other related infrastructure. Icon Water, through its wholly owned subsidiaries, is also a 50% partner in ActewAGL.

Principal activities (continued)

ActewAGL consists of two partnerships:

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

Icon Water's interest in ActewAGL is held by its two wholly-owned subsidiaries, Icon Distribution Investments Limited and Icon Retail Investments Limited.

The principal activities of the subsidiary companies are as follows:

- Icon Retail Investments Limited - a holding company for Icon Water's interest in the Retail Partnership of the ActewAGL Joint Venture. Icon Retail Investments Limited also entered into a joint venture with AGL ACT Retail Investments Pty Ltd to form ActewAGL Generation Pty Ltd in order to develop generation projects; and
- Icon Distribution Investments Limited - a holding company for Icon Water's interest in the Distribution Partnership of the ActewAGL Joint Venture.

Review of operations

A summary of the revenue and results is set out below.

	2015	<i>Restated</i>
	\$'000	2014 \$'000
Revenue (from continuing operations and other income)	320,686	335,208
Share of net profit from joint venture partnerships	101,078	83,582
Total revenue and share of net profit from joint venture partnerships	421,764	418,790
Profit before income tax expense	140,322	124,836
Income tax equivalents expense	(42,615)	(38,274)
Profit for the year	97,707	86,562
Payments to ACT Government:		
Interim dividend for current year profit	70,107	58,662
Final dividend for previous year profit	18,071	79,580
	88,178	138,242
Tax equivalent payments	43,739	37,819

Review of operations (continued)

	2015	<i>Restated</i>
	\$'000	2014
		\$'000
Total payments to ACT Government	131,917	176,061

Dividends

A final dividend for the 2013-14 financial year was paid in October 2014 of \$18.1m (2014: \$79.6m). An interim dividend of \$70.1m (2014 interim: \$58.7m) was paid in June 2015. The directors expect to declare a 2014-15 final dividend of \$23.8m (2014 final: \$18.1m).

Significant changes in the state of affairs

On the 28th of October 2014, ACTEW Corporation Limited officially changed its name to Icon Water Limited. The subsidiaries of the former ACTEW Corporation Limited, namely ACTEW Distribution Limited and ACTEW Retail Limited, also changed their names to Icon Distribution Investments Limited and Icon Retail Investments Limited respectively.

There have been no other significant changes in the state of affairs of Icon Water during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

Regulation and Licence Compliance

Utility Services Licence

Icon Water must comply with the obligations set out in the Utility Services Licence, which was issued by the Independent Competition and Regulatory Commission (ICRC) under the *Utilities Act 2000* on 29 June 2001. Icon Water complied with these obligations in the 2014-15 financial year.

Environmental Regulations

In accordance with the *Environment Protection Act 1997* (ACT), Icon Water is subject to environmental regulation in respect of its operations of the Lower Molonglo Water Quality Control Centre. Icon Water is also subject to New South Wales Environment Protection Authority regulations for discharge from the Googong Water Treatment Plant. Icon Water complied with all reporting requirements during 2014-15.

	Compliance	Target
	2014-15	
Googong pollution control licence compliance	100%	100%
Sewerage treatment discharge compliance	100%	100%
Sewerage treatment incinerator air emission compliance	100%	100%

Icon Water has assessed that there are no other particular or significant environmental regulations that apply. However, Icon Water does have a register of approval conditions applied through the major project assessment process that requires compliance. Icon Water has maintained compliance with all current approval commitments.

Regulation and Licence Compliance (continued)

Licence to Take Water

Issued by the ACT Environment Protection Authority (EPA) under the *Water Resources Act 2007*, the '*Licence to Take Water*' provides for taking of water covered by water access entitlements and the protection of environmental flows. Icon Water provided the 2013-14 annual report to the EPA on 30 October 2014. Icon Water complied with the requirements of the licence throughout 2014-15. Icon Water provided monthly reports to the EPA detailing compliance with the environmental flow requirements.

Drinking Water Utility Licence

Icon Water has a '*Drinking Water Utility Licence*' issued by the Health Directorate, which authorises Icon Water to carry on the Operation of Drinking Utility under the *Public Health Act 1997*. Icon Water provided water in accordance with the *Australian Drinking Water Guidelines 2011* and complied with all reporting requirements to the Health Directorate throughout 2014-15.

Insurance of Officers

During the year, Icon Water paid a premium of \$150,960 (2014 - \$162,689) in respect of a contract insuring the directors and officers of Icon Water, its controlled entities and ActewAGL.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company, other than where such liabilities arise out of conduct involving wilful breach of duty by the officers or the improper use by the officers of their position. The policy also applies if a claim is made against directors or officers after they have left the service of Icon Water, where the claim was over events during the Icon Water service.

Indemnity of Officers

Icon Water has indemnified Directors and Officers of Icon Water and wholly owned subsidiary companies against liabilities and legal costs arising in the course of their duties including as a Director appointed by Icon Water or by a subsidiary company of Icon Water to serve on the board of a company or partnership that is part owned directly or indirectly by Icon Water or by a subsidiary company of Icon Water, to the extent permitted by the *Corporations Act 2001*. This indemnity is to operate only where and to the extent that the Director or officer is unable to require an insurer to meet the damage, liability, cost, loss or expense.

No liability has arisen under these indemnities as at the date of this report.

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

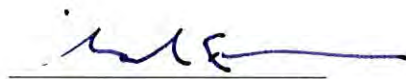
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Rounding of amounts

In accordance with Class Order 98/100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, all amounts in this report and the financial statements have been rounded to the nearest thousand dollars unless otherwise specifically stated.

Signed for and on behalf of, and in accordance with a resolution of, the board of Directors.



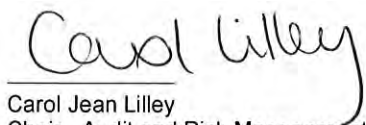
Dr Michael Bernard Easson AM
Chairman

Canberra
26 August 2015



John Knox
Managing Director

Canberra
26 August 2015



Carol Jean Lilley
Chair - Audit and Risk Management Committee

Canberra
26 August 2015

Icon Water Limited and Controlled Entities
Directors' declaration
30 June 2015

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 66 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

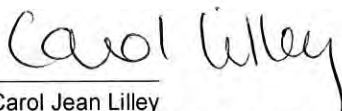
This declaration is made in accordance with a resolution of Directors.


Dr Michael Bernard Easson AM
Chairman

Canberra
26 August 2015


John Knox
Managing Director

Canberra
26 August 2015


Carol Jean Lilley
Chair - Audit and Risk Management Committee

Canberra
26 August 2015

INDEPENDENT AUDIT REPORT

ICON WATER LIMITED

To the Members of the ACT Legislative Assembly and Icon Water Limited

Report on the financial report

The consolidated financial report (the financial report) of Icon Water Limited and Controlled Entities (the Company) for the year ended 30 June 2015 has been audited. The financial report comprises the income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes and directors' declaration.

Responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements, *Corporations Act 2001* and *Corporations Regulations 2001*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial report.

The auditor's responsibility

Under the *Corporations Act 2001*, I am responsible for expressing an independent audit opinion on the financial report of the Company.

The audit was conducted in accordance with Australian Auditing Standards to obtain reasonable assurance that the financial report is free from material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial report. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial report, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the prudence of decisions made by the Company.

Electronic presentation of the audited financial report

Those viewing an electronic presentation of this financial report should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from this financial report. If users of the financial report are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial report to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2015 and its performance for the year ended on that date; and
- (b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) - Reduced Disclosure Requirements and *Corporations Regulations 2001*.

The audit opinion should be read in conjunction with other information disclosed in this report.



Dr Maxine Cooper
Auditor-General
31 August 2015

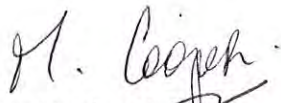
Board of Directors
Icon Water Limited
ActewAGL House
40 Bunda Street
CANBERRA CITY ACT 2601

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
FINANCIAL REPORT OF ICON WATER LIMITED
FOR THE YEAR ENDED 30 JUNE 2015**

In relation to the audit of the financial report of Icon Water Limited and Controlled Entities for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Yours sincerely



Dr Maxine Cooper
Auditor-General
26 August 2015

Icon Water Limited and Controlled Entities
Consolidated income statement
For the year ended 30 June 2015

		2015	<i>Restated</i>
	Notes	\$'000	2014 \$'000
Revenue from continuing operations	5	292,619	289,633
Other income	6	28,067	45,575
		320,686	335,208
ACT Government charges		(34,344)	(32,128)
Employment and associated costs		(64,533)	(62,239)
Depreciation and amortisation expense	7	(43,662)	(43,054)
Finance costs	7	(66,081)	(78,487)
Operational costs		(49,542)	(47,939)
Consumables used		(8,182)	(9,157)
Impairment of assets	7	(317)	(308)
Other expenses arising from ordinary activities		(14,781)	(20,642)
Share of net profit of joint venture partnerships accounted for using the equity method		101,078	83,582
Profit before income tax equivalents expense		140,322	124,836
Income tax equivalents expense	8	(42,615)	(38,274)
Profit for the year		97,707	86,562
Profit is attributable to:			
Owners of Icon Water Limited and Controlled Entities		97,707	86,562

The above consolidated income statement should be read in conjunction with the accompanying notes.

Icon Water Limited and Controlled Entities
Consolidated statement of comprehensive income
For the year ended 30 June 2015

		2015	<i>Restated</i>
	Notes	\$'000	2014 \$'000
Profit for the year		97,707	86,562
Other comprehensive income			
Revaluation of Property Plant and Equipment in the ActewAGL investment	17	241,397	-
Intangibles revaluation increment	19	4,412	754
Income tax relating to components of other comprehensive income		(73,742)	(227)
Items that will not be reclassified subsequently to profit and loss	30	172,067	527
Total comprehensive income for the year		269,774	87,089

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Icon Water Limited and Controlled Entities
Consolidated statement of financial position
As at 30 June 2015

			<i>Restated</i>	<i>Restated</i>
Notes	2015	2014	2013	2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	10	51,558	52,545	83,744
Held to maturity investments	11	17,000	6,961	-
Trade and other receivables	12	45,898	46,021	53,818
Inventories	13	3,914	3,468	3,690
Other current assets	14	8,102	11,445	11,286
Prepayments	15	4,004	3,112	740
Held-for-sale assets	16	2,700	10,770	-
Total current assets		133,176	134,322	153,278
Non-current assets				
Held-to-maturity investments		-	-	468
Investments accounted for using the equity method	17	918,845	632,869	601,287
Property, plant and equipment	18	2,134,380	2,117,566	2,080,035
Intangible assets	19	23,020	18,157	27,066
Other non-current assets	20	5,731	7,020	2,112
Total non-current assets		3,081,976	2,775,612	2,710,968
Total assets		3,215,152	2,909,934	2,864,246
LIABILITIES				
Current liabilities				
Trade and other payables	21	59,813	52,524	65,862
Borrowings	22	81,501	18,977	17,392
Provisions	23	53,533	48,388	105,964
Other current liabilities	24	8,411	4,810	3,496
Total current liabilities		203,258	124,699	192,714
Non-current liabilities				
Borrowings	25	1,409,719	1,427,362	1,335,105
Provisions	26	15,557	17,452	9,613
Other non-current liabilities	27	593	660	724
Deferred tax balances	28	360,749	290,344	287,315
Total non-current liabilities		1,786,618	1,735,818	1,632,757
Total liabilities		1,989,876	1,860,517	1,825,471
Net assets		1,225,276	1,049,417	1,038,775
EQUITY				
Contributed equity	29	758,871	758,871	758,871
Reserves	30	400,190	228,123	228,156
Retained profits	30	66,215	62,423	51,748
Total equity		1,225,276	1,049,417	1,038,775

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Icon Water Limited and Controlled Entities
Consolidated statement of cash flows
For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		306,650	317,749
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(166,166)</u>	<u>(171,484)</u>
		140,484	146,265
Interest received		2,041	1,972
Insurance recovery		2,400	-
Income tax equivalents paid		<u>(43,739)</u>	<u>(37,819)</u>
Interest paid		<u>(70,488)</u>	<u>(77,068)</u>
Net cash inflow from operating activities		<u>30,698</u>	<u>33,350</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(49,498)</u>	<u>(64,941)</u>
Proceeds from sale of assets		3,549	258
Payments for intangibles		-	(311)
Joint venture partnership distributions received		56,500	52,000
Receipts from investment		-	468
Proceeds from disposal of intangibles (held for sale and other)		<u>11,927</u>	<u>-</u>
Net cash inflow / (outflow) from investing activities		<u>22,478</u>	<u>(12,526)</u>
Cash flows from financing activities			
Proceeds from borrowings		60,341	147,865
Repayment of borrowings		<u>(16,224)</u>	<u>(54,625)</u>
Finance lease payments		<u>(63)</u>	<u>(60)</u>
Dividends paid	9	<u>(88,178)</u>	<u>(138,242)</u>
Net cash (outflow) from financing activities		<u>(44,124)</u>	<u>(45,062)</u>
Net increase / (decrease) in cash and cash equivalents		9,052	(24,238)
Cash and cash equivalents at the beginning of the financial year		52,545	83,744
Movements in cash and cash equivalents re-classified to held-to-maturity investments in the financial year	11	<u>(10,039)</u>	<u>(6,961)</u>
Cash and cash equivalents at end of the financial year	10	<u>51,558</u>	<u>52,545</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Icon Water Limited and Controlled Entities
Consolidated statement of changes in equity
For the year ended 30 June 2015

Notes	Capital \$'000	Retained earnings \$'000	General Insurance Reserve \$'000	Property, Plant and Equipment Revaluation Reserve \$'000	Total equity \$'000
Balance at 1 July 2013	758,871	7,801	9,820	218,336	994,828
Adjustment on correction of error (Note 39)	-	43,947	-	-	43,947
Restated balance at 1 July 2013	<u>758,871</u>	<u>51,748</u>	<u>9,820</u>	<u>218,336</u>	<u>1,038,775</u>
Adjustment on correction of error (net of tax) (Note 30)	-	846	-	(560)	286
Profit for the year as reported in the 2014 financial statements	-	80,824	-	-	80,824
Adjustment on correction of error (Note 39)	-	5,738	-	-	5,738
Other comprehensive income	-	-	-	527	527
Total comprehensive income for the year	<u>-</u>	<u>86,562</u>	<u>-</u>	<u>527</u>	<u>87,089</u>
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	(76,733)	-	-	(76,733)
Restated balance at 30 June 2014	<u>758,871</u>	<u>62,423</u>	<u>9,820</u>	<u>218,303</u>	<u>1,049,417</u>
Balance at 1 July 2014	758,871	62,423	9,820	218,303	1,049,417
Profit for the year as reported in the 2015 financial statements	-	97,707	-	-	97,707
Other comprehensive income	-	-	-	172,067	172,067
Total comprehensive income for the year	<u>-</u>	<u>97,707</u>	<u>-</u>	<u>172,067</u>	<u>269,774</u>
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	(93,915)	-	-	(93,915)
Balance at 30 June 2015	<u>758,871</u>	<u>66,215</u>	<u>9,820</u>	<u>390,370</u>	<u>1,225,276</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Icon Water Limited (Icon Water) and controlled entities ('Icon Water Group' or 'Group').

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board, the *Corporations Act 2001* and other requirements of the law. Icon Water Group is a for-profit entity for the purpose of preparing the financial statements.

(i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

Interpretation 21 Accounting for Levies

AASB 2014-1 Amendments to Australian Accounting Standards.

The adoption of AASB 2013-3 had a small impact on the impairment disclosures. Other than that, the adoption of the above standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(ii) Early adoption of standards

The Group has elected not to early adopt any new or amended standards in the current year.

(iii) Historical cost convention

These financial statements have been prepared on a historical cost basis except those assets and liabilities recognised at fair value including property, plant and equipment.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(v) Going Concern

The consolidated financial statements have been prepared on a going concern basis. As at 30 June 2015, current liabilities exceed current assets by \$70.1m. Included in current liabilities is a short term commercial paper borrowing of \$61.0m maturing in November 2015. At maturity the short term debt will be replaced by long term borrowings. In the opinion of the Directors, the Group has adequate resources to continue as a going concern and pay its debts as and when they fall due and payable.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of Icon Water and its controlled entities as at 30 June 2015 and the results for the period then ended. Icon Water and its controlled entities together are referred to in this financial report as the Group or the consolidated entity.

AASB 10 provides the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Icon Water has been assessed as having control over 100% of both its subsidiaries (being Icon Retail Investments Limited and Icon Distribution Investments Limited) and therefore meets all three criteria.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Property, plant and equipment (PPE) assets in the ActewAGL Distribution Partnership and ActewAGL Retail Partnership are re-valued to fair value in order to align with the Group's accounting policy on valuation of PPE using fair value. This is performed by applying a director's valuation based on future discounted cash flows. The PPE assets in the ActewAGL Distribution Partnership were last adjusted to fair value in 2007, after which commenced the economic regulation of electricity distribution networks with a pricing determination in place to 30 June 2014. The PPE assets within the ActewAGL Distribution and ActewAGL Retail Partnerships as at 30 June 2015 have been reviewed in Icon Distribution Investments Limited and Icon Retail Investments Limited's financial statements, further details are included in Note 3.

(ii) Joint ventures

Joint venture partnerships

Under AASB 11 Joint Arrangements, there are two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, legal form of the arrangements, contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

Icon Water has reviewed and assessed its joint arrangement partnerships (ActewAGL Retail Partnership, ActewAGL Distribution Partnership and ActewAGL Generation Pty Ltd) in accordance with the requirements of AASB 11 and concluded them to be joint ventures. The interests in the joint venture partnerships are accounted for using the equity method.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(ii) Joint ventures (continued)

Under the equity method, the share of the profit and losses of partnerships is recognised in the income statement, and the share of movements in reserves is recognised in other comprehensive income. Profits or losses on transactions establishing the joint venture partnerships and transactions with the joint ventures are eliminated to the extent of the consolidated entity's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they related to an unrealised loss that provides evidence of the impairment of an asset transferred. Details relating to the Partnerships are set out in Note 36.

(c) Business activity

On the 28th of October 2014, ACTEW Corporation Limited officially changed its name to Icon Water Limited. The subsidiaries of the former ACTEW Corporation Limited, namely ACTEW Distribution Limited and ACTEW Retail Limited, also changed their names to Icon Distribution Investments Limited and Icon Retail Investments Limited respectively.

Icon Water is an unlisted public company with assets and investments in water, sewerage, electricity and gas. Icon Water is the supplier of water, sewerage and associated services in ACT and Queanbeyan, NSW. It owns and operates the ACT's network of dams, water treatment plants, sewage treatment plants, reservoirs, water and sewage pumping stations, mains and other related infrastructure. Icon Water is owned by the ACT Government and has two voting shareholders: the Chief Minister and Deputy Chief Minister of the ACT.

On 3 October 2000, wholly owned subsidiaries of Icon Water formed a partnership with Australian Gas Light Company Ltd to take control over the operations of Icon Water's electricity network and related retail operations and AGL's ACT and Queanbeyan gas network and related retail operations.

This partnership also managed the water and sewerage business of Icon Water. Partnership changes occurred in August 2007 resulting in AGL Energy Ltd being 50% owner of the ActewAGL Retail Partnership and Jemena Networks (ACT) Pty Ltd being 50% owner of the ActewAGL Distribution Partnership.

ActewAGL Distribution owns and operates the electricity and gas distribution networks in the ACT and in certain adjacent regional centres. ActewAGL Retail sells electricity and gas to its retail and commercial customers in the ACT and surrounding regions. In April 2012, Icon Retail Investments Limited entered into a 50:50 joint venture with AGL ACT Retail Investments Pty Ltd to form ActewAGL Generation Pty Ltd in order to develop generation projects.

During 2011, Icon Water undertook a review of its water and sewerage business. Following that review, responsibility for the management, operation and maintenance of the infrastructure was returned to Icon Water on 1 July 2012 and all Water Division staff were transferred to Icon Water.

A number of employees of Icon Water have been seconded to the joint venture partnerships. The joint venture partnerships reimburse Icon Water for all costs related to these seconded employees. Icon Water legally employs seconded employees, however, as they are seen to be employees of the joint venture partnerships, from an accounting viewpoint, the employee entitlement liabilities and a corresponding receivable from the partnerships is disclosed in the financial report.

(d) Income tax equivalents

Icon Water is exempt from Federal income tax. Icon Water is required to make an equivalent payment to the ACT Government as required by the *Territory-owned Corporations Act 1990*.

Tax effect accounting procedures are followed whereby the income tax equivalent expense or revenue for the period is the tax payable on the current period's taxable income based on the National Tax Equivalents Regime adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

1 Summary of significant accounting policies (continued)

(d) Income tax equivalents (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Tax consolidation legislation

Icon Water and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

(e) Revenue recognition

Revenue is measured at fair value and recognised to the extent that it is probable that the economic benefits will flow to the Group. The specific recognition criteria must also be met before revenue is recognised.

Water and Sewerage services provided

Revenue is recognised on services provided when usage of the service occurs and is measured at fair value.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Share of profits

Share of profits are recognised when it is probable that economic benefits will flow to the Group and the amount can be reliably measured.

Contributed / gifted assets

Revenue is recognised when the entity initially gains control of the asset and the amount of the contribution can be measured reliably. Contributed / gifted assets are initially measured at replacement cost.

(f) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Contributed assets provided free of charge are initially valued at replacement cost of those assets and subsequently revalued as part of the class of property, plant and equipment to which the assets belong.

1 Summary of significant accounting policies (continued)

(g) Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for impairment loss. An allowance for impairment loss is made when evidence suggests that collection of the full amount is no longer probable. Bad debts are written off when debts become uncollectible in a subsequent period. The amount of the impairment loss is recognised in the income statement within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(h) Property, plant and equipment

Valuation

Water and sewerage assets are shown at fair value. The valuation is prepared on an annual basis. The value is determined by applying a discounted cash flow analysis to the asset base, assumptions are detailed in Note 3.

Land and buildings are shown at fair value less subsequent depreciation for buildings. Valuations are undertaken by external independent valuers every 3 years with the most recent valuation in June 2013 resulting in an increase of \$12.9 million to the value of land and buildings. The majority of Icon Water's land and buildings are considered specialised assets and are therefore valued using the depreciated replacement cost approach. Other non-specialised land and buildings are valued using capitalisation of income approach and market value approach.

Increases in the carrying amounts arising on revaluation of land and buildings and water and sewerage assets are credited, net of tax, to the asset revaluation reserve in shareholder's equity. Any revaluation increase arising on the revaluation of such land and building and water and sewerage assets is recognised in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and building and water and sewerage assets is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Plant and equipment assets are stated at cost less accumulated depreciation and any impairment in value.

Depreciation

Land is not depreciated and is substantially held under 99 year renewable crown leases in the ACT. Depreciation is calculated using the straight-line method to allocate the assets' cost or revalued amounts, net of their residual values over their estimated useful lives as follows:

	Years
Buildings	33 - 100
Plant and Equipment	5 - 15
System Assets	
Dams	30 - 150
Reservoirs	50 - 100
Mains	80
Treatment Plants	30 - 60
Sewer Tunnels	120
Other Assets	10 - 80

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(i)).

1 Summary of significant accounting policies (continued)

(i) Impairment of non-financial assets

At each reporting date, the Icon Water Group assesses whether there is any indication that an asset may be impaired. If such an indication of impairment exists, the Group estimates the recoverable amount of the asset. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held with financial institutions with a maturity of 1 - 3 months, other short-term, highly liquid investments that are readily convertible to cash and bank overdrafts.

(k) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(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. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 12) and receivables in the statement of financial position.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised and derecognised on a trade date basis, i.e. the date on which the Group commits to purchase or sell the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. These instruments are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

1 Summary of significant accounting policies (continued)

(k) Investments and other financial assets (continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Icon Water's right to receive payments is established.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

Icon Water assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Where there are no equity reserves in respect to the financial asset, the full impairment is recognised in profit or loss.

Icon Water assesses its investment in the ActewAGL partnerships for indicators of impairment annually. When indicators of impairment are deemed to exist, Icon Water performs an impairment test. The impairment test compares the carrying value of the investment with the recoverable value (i.e. value in use or fair value less cost of disposal). Icon Water engages a value in use model to determine the recoverable value by way of a Discounted Cash Flow model. When the recoverable value is materially less than the carrying value the investment is considered impaired.

(l) Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards of ownership. Operating lease payments are charged to the income statement on a straight line basis over the lease term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are initially recognised as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Finance lease principal repayments are recorded in the balance sheet as a reduction in the current lease liability payable and finance lease interest is charged to the income statement when incurred.

1 Summary of significant accounting policies (continued)

(m) Intangible assets

Water Licences

Under the Tantangara Transfer project, water is purchased and transferred from the Murrumbidgee Regulated River System and stored and released from Tantangara Reservoir in the Snowy Mountains Scheme, to the ACT. Icon Water commenced purchase of water licences in mid-2009. Water licences are initially recognised at cost and subsequently measured at fair value and are subject to an annual impairment test. Water licences have an indefinite useful life and are therefore not subject to amortisation, but are tested for impairment by comparing their recoverable amount with their carrying amount. Water licences are tested for impairment annually (Note 16 and 19).

Carbon Credits

Icon Water committed to offset the carbon production associated with the construction and operation of the Water Security Major Projects (WSMP). Icon Water has confirmed contracts with AusCarbon Pty Ltd and CO2 Australia Limited to supply 900,000 tonnes of carbon credits over 30 years. The legislation framework governing carbon credits remains uncertain at this stage. An impairment of the full amount of carbon credit units for the year has been recognised for the year ended 30 June 2015 of \$317,493 (2014: \$308,286) refer to Note 19.

Computer Software

Icon Water capitalises and amortises specific-use computer software, such as Geospatial Information Systems and design drawing software. Computer software includes capitalised development costs being an internally generated intangible asset.

Amortisation is calculated using the straight-line method to allocate the assets' cost over the estimated useful life of 5 years.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Interest-bearing loans and borrowings

All borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Indexed Annuity Loans are adjusted quarterly based on the Consumer Price Index (CPI). The adjustment increases the principal of the loan and an expense is recognised in the period of the adjustment depending on the terms of the loan. Refer to Notes 22 and 25.

(p) Borrowing costs

Borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that take a substantial period of time (greater than 12 months) to get ready for their intended use. Icon Water typically has qualifying assets at any given period as part of its capital expenditure program. Refer to Note 3(a)(vii).

Other borrowing costs are expensed.

1 Summary of significant accounting policies (continued)

(q) Employee benefits

(i) Wages and salaries

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Annual, sick and long service leave

A liability for annual, sick and long service leave where employees have been employed by Icon Water for seven years or greater, is recognised as a current provision for employee benefits. Under *AASB 119 Employee Benefits*, leave entitlements that are not expected to be wholly settled in 12 months must be discounted to a present value.

An employee who has completed seven years service with a single employer is entitled to long service leave for the period of the service and is therefore classified as a current provision. Long service leave less than seven years is measured as a non-current provision for employee benefits. Long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels and for long service leave, expectation of employee departures and periods of service.

Expected future payments are discounted using interest rates on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(iii) Seconded employees

Some Icon Water staff are seconded to ActewAGL and all employee related expenses are billed to the partnerships. No employee related revenues or expenses are recognised in the income statement in respect of these employees. However the total employee entitlement liability, calculated, as set out below, is shown as a liability of the Group, with a corresponding receivable owed by ActewAGL.

Icon Water also has a number of staff seconded from ActewAGL. Icon Water is charged the employee related expenses relating to these staff. Employee related expenses are recognised in the income statement in respect of these staff. Employee entitlements associated with these employees are recognised as a liability in the consolidated statement of financial position.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Refer to Note 3 for details on key provisions.

(s) Dividends

The voting shareholders maintained a dividend policy of 100% distribution of net profit after tax (except for gifted asset revenue associated with Googong estate) for Icon Water. Dividends are paid as an interim payment of 80% of forecast net profit after tax in June with the balance paid in October upon finalisation of the financial statements. This policy is reviewed each financial year with the voting shareholders. Refer to Note 39 for impacts relating to correction of prior period errors.

1 Summary of significant accounting policies (continued)

(t) Government grants

Icon Water receives a Commonwealth subvention payment for location limitations associated with providing water supply and sewerage services in the ACT as they relate to an inland location and national capital influences. This is recognised as revenue in the income statement at fair value where there is reasonable assurance that the grant will be received.

(u) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in-first out basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Regular stock takes are performed on a cyclical basis, where inventory is assessed for obsolescence and written off to profit and loss when required.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financial activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(w) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Details of segments are contained in Note 4.

(x) Parent entity financial information

The financial information for the parent entity, Icon Water, disclosed in Note 38 has been prepared on the same basis as the consolidated financial statements.

(y) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2 Financial risk management

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

2 Financial risk management (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Icon Water uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment allowance of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3 Critical accounting estimates and judgements

Estimates and judgements are regularly evaluated and based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value assessment

Water and sewerage infrastructure assets

Icon Water's water and sewerage infrastructure assets are held at fair value in accordance with Note 1(h) Property, Plant and Equipment.

In 2007, a Depreciated Replacement Cost valuation was performed and resulted in a valuation significantly above the carrying amount of the water and sewerage infrastructure assets. Since then, the fair value of infrastructure assets is determined annually by application of a value in use income approach by way of a Discounted Cash Flow (DCF) method, to determine the extent of difference in the economic value and the carrying amount of these assets. Market-based evidence of fair value is unlikely to exist because of the specialised nature of the water and sewerage infrastructure assets. Therefore, the application of fair value by way of a DCF method is adopted. This valuation includes business assumptions about future income streams, operational and capital expenditure based on the pricing determination for the specific regulatory period. The expected net cash flows are then discounted to their present value using a market determined risk adjusted discount rate. This fair value method is consistent with the approach taken by other Australian water and sewerage utilities.

The key assumptions underlying valuation calculations for the current reporting period are:

- Revenue is based on the water and sewerage prices set by the Industry Panel for the remaining three-year regulatory period at a consumption level forecast by Icon Water.
- Operating and capital expenditure forecast by Icon Water.
- The market based nominal discount rate (post tax) used is 5.63%.
- The terminal growth rate used is 2.5%.

3 Critical accounting estimates and judgements (continued)

(a) Critical accounting estimates and assumptions (continued)

The DCF method is highly sensitive to variations in the market based nominal discount rate. For example, a 0.1% increase / (decrease) in this discount rate, results in a decrease / (increase) in the recoverable amount of the asset bases of approximately \$43.0 million for water infrastructure assets and \$28.7 million for sewerage infrastructure assets.

Due to the highly sensitive market based nominal discount rate used in DCF models, Icon Water has implemented a materiality policy to assist in determining whether revaluation increments or decrements will be recognised in any one year for either water or sewerage assets.

Icon Water will apply the following quantitative thresholds for determination of materiality:

- (a) an amount that is equal to or greater than 10 per cent of the appropriate base amount may be presumed to be material unless there is evidence or convincing argument to the contrary;
- (b) an amount that is less than 10 per cent but greater than 5 per cent of the appropriate base amount may be presumed not to be material where the weighted average cost of capital (WACC) contributing to this amount is within a market-based range of acceptable WACC rates, unless there is evidence, or convincing argument, to the contrary; and
- (c) an amount that is equal to or less than 5 per cent of the appropriate base amount may be presumed not to be material unless there is evidence, or convincing argument, to the contrary.

Icon Water makes an assessment of materiality based on the total asset base of a cash generating unit (CGU). This includes all individual and collective transactions impacting a CGU.

In addition to assessing quantitative movements in the value of the CGU, Icon Water conducts a qualitative evaluation of any movement to ensure that qualitative factors support the recognition or not, of the revaluation increment or decrement, in any year.

This policy will reduce fluctuations to the asset revaluation reserve due to the minor percentage changes within the range of acceptable WACC rates used.

The valuation exercise for the period ending 30 June 2015, in line with Icon Water's materiality policy, resulted in the difference in the valuation compared to the carrying values being under 10 per cent for both water and sewerage infrastructure assets, and there was no other evidence to the contrary. Therefore no adjustment was necessary to the value of assets as at 30 June 2015.

(ii) Revenue recognition

Icon Water's water revenue includes an estimated accrual for water consumed but not yet billed. This is a regular occurrence at the end of each reporting period. The estimate is calculated by determining unbilled consumption (water consumed for the period less actual billings), applying historical assumptions regarding the tier split of the balance (where applicable), and then multiplying the unbilled consumption by relevant tier prices. The June 2015 amount totalled \$17.1 million (2014 - \$15.6 million).

3 Critical accounting estimates and judgements (continued)

(a) Critical accounting estimates and assumptions (continued)

(iii) Revaluation of Water Licences

Water Licences are held at fair value. As part of the annual fair value assessment, Icon Water has undertaken an analysis of recent observable water transactions within the market and determined the upper and lower price limits for the June 2015 quarter. Where insufficient transactions have occurred in the last quarter (insufficient being determined as when sales in the quarter are less than the average holding of water per licence class as at reporting date), then the observable transactions over the year are analysed to determine the fair value price for each asset class. The upper price value is used as the water licences held are of a larger volume, which are assumed to be higher priced in the market.

As at 30 June 2015, Icon Water's General Security class of water licenses are classified as 'held for sale' as its carrying amount will be recovered principally through a sale transaction rather than through continuing use and likely to be settled within the next 12 months. Annual upper price limits for General Security water licences are assessed to be higher than the current carrying value. As such, the carrying amount of the licenses are lower than fair value less costs to sell, so no adjustment to the value has been made at 30 June 2015.

The High Security class of water licenses have been fair valued using the upper price limit of the observable prices in 2014-15, resulting in an increase of \$4.4 million to the asset base, \$1.3 million to deferred tax liability and \$3.1 million to asset revaluation reserve. The overall impact to the water licences asset base is an increase of \$4.4 million for the year ended 30 June 2015 (2014: \$0.8 million). Refer to Note 19.

(iv) Carbon Credits

The legislation framework governing carbon credits remains uncertain at this stage. An impairment of the full amount has been recognised for the year ended 30 June 2015. Future purchases will continue to be impaired until the framework becomes certain. Refer to Note 19.

(v) Comcare provision

Since 2002, Icon Water had participated in the ComCare workers compensation scheme (for ACT Government). The ACT Government and Icon Water agreed to cancel Icon Water's arrangement with ComCare under the provisions outlined in the 'ACTEW Withdrawal from the *Safety, Rehabilitation and Compensation Act 1988 Deed*' dated 30 August 2012 (the 'Deed'). Icon Water continues to have obligations that may arise out of related events that occurred prior to the exit date, 1 September 2012.

At 30 June 2015, Icon Water has reviewed and updated the ComCare provisioning model based on independent external advice. The expected net present value of the payments over eight years is estimated at \$9.1m (refer to Note 23 and 26). A receivable has also been recognised for 35% of this amount due to an agreement with ActewAGL to reimburse a portion of the costs (refer to Note 12 and 20). ActewAGL's obligation arises as a percentage of the staff under the ComCare scheme were seconded to ActewAGL prior to withdrawal of scheme. Future changes in the case claims could change the ComCare provisioning model which can change the provisions and associated receivables recognised.

3 Critical accounting estimates and judgements (continued)

(a) Critical accounting estimates and assumptions (continued)

(vi) Commonwealth Superannuation Scheme provision

A number of claims have been made against the Commonwealth and Icon Water in relation to allegedly inaccurate information purportedly given to former employees regarding their eligibility to originally join the Commonwealth Superannuation Scheme. To date, Icon Water has settled a number of these claims. Future claims fall into the categories of current claims in the process of pre-settlement, notified prospective claims and possible future claims.

As at 30 June 2015, a provision has been recognised for current and prospective claims based on calculations performed by an independent expert. At this point, the data available for each claimant on salary, service, age and initial claim is incomplete. The provision has been calculated on the basis that Icon Water's liability is influenced by the initial amount claimed, the payout rate and Icon Water's share of the final settlement payable amount. These components are either known or have been estimated based on available data. The estimate may vary as a result of changes in the components used to estimate the provision, and the provision will be assessed and updated annually.

No provision for possible future claims has been recognised as there is not sufficient evidence at present to believe that it is more likely than not that a present obligation exists in respect of these possible future claims. These have been disclosed as a contingent liability in Note 34.

(vii) Prior year capitalisation of borrowing costs

The current version of AASB 123 Borrowing costs was issued with effect from 1 January 2009, applicable to Icon Water from 1 July 2009. It requires borrowing costs incurred in respect of qualifying assets to be capitalised to the cost of the relevant assets. Prior to that the standard allowed an accounting policy choice to either expense or capitalise borrowing costs. Icon Water adopted the policy of expensing all borrowing costs.

On transition to the revised standard entities were allowed to continue to expense borrowing costs associated with qualifying assets where construction commenced prior to the application date. A review of Icon Water qualifying assets where construction commenced subsequent to 1 July 2009 has highlighted that borrowing costs were omitted from being capitalised to qualifying assets.

The largest portion of Icon Water capital expenditure over recent years has been the Water Security Major Projects (WSMP), however these commenced prior to the application date and therefore the associated borrowing costs have appropriately been expensed.

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, consideration has been given to whether omission of capitalising borrowing costs relating to those qualifying assets constructed after 1 July 2009 would have influenced the economic decisions that users of Icon Water's financial statements would have made. Icon Water concludes that the omission is immaterial and accordingly no prior year adjustment is required to the financial statements. Consideration was also given to the measurement of these qualifying assets with the conclusion that since Icon Water fair values its assets at each year end, the fair value would take into account the value of borrowing costs and these assets would not be considered misstated in prior years.

Icon Water has amended the policy within Note 1, and commenced capitalising borrowing costs for qualifying assets from 1 July 2014.

3 Critical accounting estimates and judgements (continued)

(a) Critical accounting estimates and assumptions (continued)

(viii) Revaluation of property, plant and equipment within ActewAGL Investment

Icon Water (within Icon Distribution Investments Limited, immaterial impact on Icon Retail Investments Limited) determines the fair value of property, plant and equipment of the ActewAGL Distribution Partnership at the beginning of each regulatory period. This is to align its accounting policies on property, plant and equipment with those of the Group, from cost to fair value. The fair value of property, plant and equipment in the ActewAGL Distribution Partnership was last measured in 2007. Since 2007, Icon Distribution Investments Limited performed an assessment of the fair value of property, plant and equipment in ActewAGL Distribution Partnership and assessed that the fair value did not change materially in the prior regulatory period. The fair value is determined by application of a value in use income approach by way of a DCF method.

In April 2015, the Australian Energy Regulator (AER) handed down its final determination for the new regulatory period. The valuation exercise for the period ending 30 June 2015, in line with Icon Water's materiality policy, resulted in an upward revaluation adjustment to property, plant and equipment within the ActewAGL Distribution Partnership of \$241.4 million. The DCF method uses ActewAGL Distribution Partnership's forecast net cash flow, with a terminal value based on the Regulated Asset Base multiple, discounted using a market based post-tax nominal rate of 5.63%.

The key assumptions underlying valuation calculations for the current reporting period are:

- The DCF valuation relies on ActewAGL Distribution Partnership's cash flow forecasts, after taking into account the AER's final determination.
- Operating and capital expenditure is based on ActewAGL Distribution Partnership's assumptions.
- The market based nominal discount rate (post tax) used is 5.63%.

Similar to the water and sewerage fair value assessment, the DCF method used is sensitive to variations in the market based nominal discount rate and the quantitative materiality threshold is applied when revaluing the investment in ActewAGL Distribution Partnership. For example, a 0.1% increase / (decrease) in this discount rate, results in a decrease / (increase) in the recoverable amount of the asset bases of approximately \$5.6 million.

4 Segment information

Description of segments

Management has determined the operating segments that are used to make strategic decisions. The primary business is the operation of the water and sewerage business. The secondary segment is the maintenance of a 50% investment in ActewAGL, the largest electricity and gas provider in the ACT.

(a) Business Segments

The consolidated entity is organised into the following divisions by product and service type:

Water

The supply of water services and the owner and operator of the ACT's network of dams, water treatment plants, reservoirs, water mains and other related infrastructure.

Sewerage

The provision of sewerage services and maintenance of sewage treatment plants.

Investments

This segment includes activities of the wholly owned subsidiaries, and investing activities of the parent company.

4 Segment information (continued)

(a) Business Segments (continued)

(b) Geographical segments

The Australian Capital Territory and the surrounding area is the predominant geographic segment.

(c) Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity and consolidated entity as disclosed in Note 1(a) and the Australian Accounting Standard *AASB 8 Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to a segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of receivables, property, plant and equipment, and other assets, net of related allowances.

While most of these assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by segments are allocated based on a reasonable estimate of usage. Segment liabilities consist primarily of trade and other payables and employee benefits.

Operating cash, borrowings, interest expense and interest revenue have not been allocated to segments, which is in line with required accounting disclosures.

(ii) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's length" basis and are eliminated on consolidation.

(iii) Equity accounted investments

The consolidated entity includes 100% of Icon Retail Investments Limited and Icon Distribution Investments Limited. Icon Retail Investments Limited has entered into a partnership with AGL ACT Retail Investments Pty Ltd to manage and market the retail operations of the ACT electricity and gas markets. Icon Retail Investments Limited has also entered into a 50:50 joint venture with AGL ACT Retail Investments Pty Ltd to form ActewAGL Generation Pty Ltd to develop generation projects.

Icon Distribution Investments Limited has entered into a partnership with Jemena Networks (ACT) Pty Ltd to manage the ACT electricity network and the ACT, Queanbeyan and Nowra gas networks. These investments are accounted for using the equity method. These investments are included in the investment segment.

(iv) Refer to Note 39 for changes to prior period comparatives.

4 Segment information (continued)

(a) Business Segments (continued)

Primary reporting - business segments Year ended 30 June 2015

	Water \$'000	Sewerage \$'000	Investments \$'000	Unallocated \$'000	Consolidated \$'000
Income Statement					
Sales to external customers including share of net profit of joint venture partnerships	173,858	116,711	101,078	-	391,647
Other revenue	4,680	12,789	-	2,050	19,519
Gifted assets	6,510	4,088	-	-	10,598
Total segment revenue	185,048	133,588	101,078	2,050	421,764
Interest Expense	-	-	-	66,081	66,081
Segment result before tax expense	59,836	44,699	99,818	(64,031)	140,322
Income tax equivalents expense					42,615
Profit for the year					97,707
Statement of Financial Position					
Segment assets	1,403,527	815,964	926,948	68,713	3,215,152
Segment liabilities	178,774	174,604	140,007	1,496,491	1,989,876
Investments in associates and joint venture partnerships	-	-	918,845	-	918,845
Other					
Acquisition of property, plant and equipment (including gifted assets)	31,872	27,662	-	-	59,534
Depreciation and amortisation	25,030	18,632	-	-	43,662
Impairment of assets	256	61	-	-	317

4 Segment information (continued)

(a) Business Segments (continued)

Primary reporting - business segments Year ended 30 June 2014 (Restated)

	Water \$'000	Sewerage \$'000	Investments \$'000	Unallocated \$'000	Consolidated \$'000
Income Statement					
Sales to external customers including share of net profit of joint venture partnerships	176,500	111,043	83,582	-	371,125
Other revenue	9,280	16,273	-	2,090	27,643
Gifted assets	10,628	9,394	-	-	20,022
Total segment revenue	196,408	136,710	83,582	2,090	418,790
Interest expense	-	-	-	78,487	78,487
Segment result before tax expense	78,128	40,785	82,320	(76,397)	124,836
Income tax equivalents expense					38,274
Profit for the year					86,562
Statement of Financial Position					
Segment assets	1,396,910	807,233	646,138	59,653	2,909,934
Segment liabilities	167,584	168,792	71,818	1,452,323	1,860,517
Investments in associates and joint venture partnerships	-	-	632,869	-	632,869
Other					
Acquisition of property, plant and equipment (including gifted assets)	72,850	59,966	-	-	132,816
Depreciation and amortisation	24,411	18,643	-	-	43,054
Impairment of assets	154	154	-	-	308

Icon Water Limited and Controlled Entities
Notes to the consolidated financial statements
30 June 2015
(continued)

5 Revenue

	2015 \$'000	2014 \$'000
Sales revenue		
Water revenue	173,858	176,500
Sewerage revenue	116,711	111,043
	290,569	287,543
Other revenue		
Interest revenue	2,050	2,090
Total Revenue (a)	292,619	289,633

(a) Excludes share of equity in net profits of joint venture partnerships accounted for using the equity method.

6 Other income

	2015 \$'000	<i>Restated</i> 2014 \$'000
Commonwealth subvention (a)	11,123	10,615
Contributed assets	10,598	20,022
Regulated income	1,608	3,208
Other income (b)	4,738	11,730
Total Other Income (c)	28,067	45,575

(a) The Commonwealth Government provides financial assistance to Icon Water to offset increased costs due to the ACT's inland location and the national capital influences.

(b) Other income relates to contestable income from the provision of stormwater services, lease income from Fyshwick premises and insurance claim recoveries.

(c) Refer to Note 39 for changes to prior period comparatives.

7 Expenses

Operating profit from ordinary activities includes the revenues disclosed in Note 5 and 6 and the following specific expenses:

	2015	<i>Restated</i>
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Water assets	23,860	23,578
Sewerage assets	17,463	17,810
Infrastructure land and buildings	13	13
Non - infrastructure land and buildings	1,437	856
Plant and equipment	596	521
Equipment under finance lease at cost	33	32
Total depreciation	<u>43,402</u>	<u>42,810</u>

<i>Amortisation</i>		
Computer software	250	244
Leasehold improvements	10	-
Total amortisation	<u>260</u>	<u>244</u>

Total depreciation and amortisation	<u>43,662</u>	<u>43,054</u>
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Refer to Note 39 for changes to prior period comparatives.

Finance costs	70,714	78,487
Amount capitalised (refer to Notes 18 and 19)	(4,633)	-
Finance costs expensed	<u>66,081</u>	<u>78,487</u>

Superannuation	7,158	6,563
Rental expense relating to operating leases	2,620	2,919
Impairment losses - carbon credits	317	308
Impairment losses / (impairment losses reversed) - receivables	(203)	316

8 Income tax equivalents expense

The income tax equivalents, calculated at 30% on operating profit differs from the amount calculated on the profit. The differences are reconciled as follows:

(i) Income tax equivalents expense

	2015 \$'000	<i>Restated</i> 2014 \$'000
Current Tax		
Current tax equivalents expense recognised in the current year	53,039	31,561
Adjustment to prior year (a)	6,198	879
Current tax equivalents expense recognised in respect of prior period adjustments (Note 39)	<u>(13,285)</u>	<u>2,790</u>
	<u>45,952</u>	<u>35,230</u>
Deferred tax		
Deferred tax expense recognised in the current year	555	3,480
Adjustments of deferred tax for prior periods (a)	<u>(3,892)</u>	<u>(436)</u>
	<u>(3,337)</u>	<u>3,044</u>
Income tax equivalents expense	<u>42,615</u>	<u>38,274</u>
Current tax - credited directly to equity	<u>73,742</u>	<u>-</u>
	<u>116,357</u>	<u>38,274</u>

(ii) Numerical reconciliation of income tax equivalents to prima facie tax payable

	2015 \$'000	<i>Restated</i> 2014 \$'000
Profit from continuing operations before income tax expense	140,322	124,836
Tax at the Australian tax rate of 30% (2014 - 30%)	42,097	37,451
Other Items		
Inter-company dividends	(1,444)	(144)
Non-deductible expenses	200	308
Previously unrecognised temporary differences (b)	675	-
Share of Joint Venture profits and partner share of profits	(17)	(15)
Adjustments for income tax expense of prior periods (a)	2,306	443
Other	<u>(1,202)</u>	<u>231</u>
Income tax equivalents expense (c)	<u>42,615</u>	<u>38,274</u>

- (a) Adjustment to prior year for the current period relates to differences between the 2013-14 financial statements and the 2013-14 Income tax return. The net adjustment of the current and deferred tax is \$2.3m.
- (b) Previously unrecognised temporary differences relates to the difference between the accounting and tax treatment of the finance lease held.

8 Income tax equivalents expense (continued)

(ii) Numerical reconciliation of income tax equivalents to prima facie tax payable (continued)

(c) Refer to Note 39 for changes to prior period comparatives.

Icon Water is established as a Territory Owned Corporation hence Icon Water and its controlled entities are exempt from Federal income tax. However, Icon Water is required to pay income tax equivalents to the ACT Government.

Tax consolidation legislation

Icon Water and its wholly-owned subsidiaries are part of a tax consolidated group, per the income tax legislation.

The accounting policy note to this legislation is set out in Note 1(d).

The subsidiaries have entered into a tax funding agreement under which the wholly-owned entities fully compensate Icon Water for any current tax payable assumed and are compensated by Icon Water for any current tax receivable and deferred tax assets relating to unused tax credits that are transferred to Icon Water under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity (Icon Water), which is issued as soon as practicable at the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as intercompany receivable or payable.

9 Dividends

	2015 \$'000	2014 \$'000
At the beginning of the financial year	18,071	79,580
Amount appropriated from operating profit	93,915	76,733
	111,986	156,313
Amount paid during the year	(88,178)	(138,242)
At the end of the financial year	23,808	18,071

10 Current assets - Cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash at bank and on hand	10,558	2,795
Short-term deposits	41,000	49,750
Cash and cash equivalents	51,558	52,545

Cash held under short term deposits have a maturity of 1 to 3 months from inception.

11 Current assets - Held-to-maturity investments

	2015 \$'000	2014 \$'000
Short-term securities	17,000	6,961
Total current held-to-maturity investments	17,000	6,961

All short term deposits with a maturity of over 3 months but less than 12 months are classified as 'held-to-maturity' investments.

12 Current assets - Trade and other receivables

	2015 \$'000	2014 \$'000
Water revenue receivables	30,579	30,367
Sewerage revenue receivables	9,620	9,697
Other trade receivables (a)	3,323	1,857
Allowance for impairment of receivables (b)	(698)	(1,135)
	42,824	40,786
Accrued revenue (c)	3,074	5,235
Total trade receivables	45,898	46,021

a) Other trade receivables

These amounts generally arise from transactions outside the principal operating activities of the Group.

b) Movements in the allowance for impairment of receivables are as follows:

	2015 \$'000	2014 \$'000
At the beginning of the financial year	1,135	908
Impairment losses / (impairment losses reversed) (Note 7)	(203)	316
Receivables written off during the year as uncollectible	(234)	(89)
At the end of the financial year	698	1,135

Movements in the allowance for impaired receivables has been included in 'other expenses' in the income statement. Refer to Note 1(g).

c) Accrued revenue

Accrued revenue consists mostly of accrued community service obligations revenue for the June quarter of \$1.3m. In addition, there is \$0.9m for a receivable from ActewAGL Joint Venture in respect of the Comcare exit scheme. Refer to Note 23 and 26.

13 Current assets - Inventories

	2015 \$'000	2014 \$'000
Finished goods for operational use	3,914	3,468
Total Inventories (a) (b)	3,914	3,468

- (a) Inventories consist of consumables such as spare system asset components, chemicals and fuel, and personal issue items for operational use.
- (b) The cost of consumables used and recognised as an expense during the year in respect of continuing operations was \$8.1m (2014: \$8.6m).

14 Current assets - Other

	2015 \$'000	2014 \$'000
Employee entitlement receivable - related parties	8,102	11,445
Total other assets	8,102	11,445

Refer to Note 1(c) for description of balance.

15 Current assets - Prepayments

	2015 \$'000	2014 \$'000
Prepayments	4,004	3,112
Total prepayments	4,004	3,112

16 Held for sale assets

(a) Assets classified as held for sale

	2015 \$'000	2014 \$'000
Non-current assets held for sale		
Water licences	2,700	10,770

Icon Water has determined that as at 30 June 2015, the General Security class of water licences are to be classified as 'held for sale' in that they will be recovered principally through a sale transaction rather than continuing use (refer to Note 19). In the 2014-15 financial year, \$8.1m of water licences have been sold which were classified as 'held for sale' in the 2013-14 financial year. This sale resulted in a gain of \$0.8m reflected in the consolidated income statement within 'other' income.

17 Non-current assets - Investments accounted for using the equity method

	2015	2014
	\$'000	\$'000
Interest in joint venture partnerships	918,845	632,869
Total investments accounted for using equity method	<u>918,845</u>	<u>632,869</u>

Property plant and equipment (PPE) assets in the Distribution partnership have been re-valued to fair value in order to align the investment with Icon Water's accounting policy on valuation of PPE using fair value. This resulted in a \$241.4m increase in Icon Water's interest in joint venture partnerships. Refer to Note 1(b)(i) and Note 3 for valuation details.

18 Non-current assets - Property, plant and equipment

	Water \$'000	Sewerage \$'000	Infrastructure land & buildings \$'000	Non-infrastructure land & buildings \$'000	Plant and under finance equipment lease at cost \$'000	Equipment lease at cost \$'000	Total \$'000
At 1 July 2014							
Cost or fair value	1,429,553	782,446	15,439	29,226	2,997	812	2,260,473
Accumulated depreciation	(120,990)	(19,154)	(13)	(1,322)	(1,382)	(46)	(142,907)
Net book amount (<i>Restated</i>)	1,308,563	763,292	15,426	27,904	1,615	766	2,117,566
Year ended 30 June 2015							
Opening net book amount	1,308,563	763,292	15,426	27,904	1,615	766	2,117,566
Additions	24,755	22,968	341	144	728	-	48,936
Depreciation charge	(23,862)	(17,461)	(13)	(1,438)	(595)	(33)	(43,402)
Gifted Assets	6,511	4,087	-	-	-	-	10,598
Retirement	(4)	(51)	(3,064)	(793)	(1)	-	(3,913)
Transfers/adjustments	-	-	-	(35)	35	-	-
Borrowing costs	2,550	2,008	-	37	-	-	4,595
Closing net book amount	1,318,513	774,843	12,690	25,819	1,782	733	2,134,380
At 30 June 2015							
Cost or fair value	1,457,518	918,118	12,812	34,520	3,629	812	2,427,409
Accumulated depreciation	(139,005)	(143,275)	(122)	(8,701)	(1,847)	(79)	(293,029)
Net book amount	1,318,513	774,843	12,690	25,819	1,782	733	2,134,380

18 Non-current assets - Property, plant and equipment (continued)

	Water \$'000	Sewerage \$'000	Infrastructure land & buildings \$'000	Non-infrastructure land & buildings \$'000	Plant and under finance equipment lease at cost \$'000	Equipment land & under finance lease at cost \$'000	Total \$'000
At 1 July 2013							
Cost or fair value	1,377,992	757,693	15,408	24,678	3,549	812	2,180,132
Accumulated depreciation	(97,412)	(1,344)	-	(466)	(861)	(14)	(100,097)
Net book amount (Restated)	1,280,580	756,349	15,408	24,212	2,688	798	2,080,035
Year ended 30 June 2014							
Opening net book amount	1,280,580	756,349	15,408	24,212	2,688	798	2,080,035
Adjustment to opening balances	-	-	-	(806)	(1,024)	-	(1,830)
Additions	40,832	15,104	-	1,939	477	-	58,352
Writeback of depreciation - change to useful life	-	-	-	3,767	-	-	3,767
Depreciation charge	(23,577)	(17,811)	(13)	(856)	(521)	(32)	(42,810)
Gifted Assets	10,627	9,395	-	-	-	-	20,022
Retirement	(9)	-	-	-	(10)	-	(19)
Transfers/adjustments	110	255	31	(352)	5	-	49
Closing net book amount	1,308,563	763,292	15,426	27,904	1,615	766	2,117,566
At 30 June 2014							
Cost or fair value	1,429,553	782,446	15,439	29,226	2,997	812	2,260,473
Accumulated depreciation	(120,990)	(19,154)	(13)	(1,322)	(1,382)	(46)	(142,907)
Net book amount (Restated)	1,308,563	763,292	15,426	27,904	1,615	766	2,117,566

18 Non-current assets - Property, plant and equipment (continued)

(a) All property, plant and equipment are held by the parent entity.

(b) A finance lease has been entered into by the parent entity with Toyota Fleet Management on 19 February 2013 ending 18 February 2020. This is for a specialised heavy vehicle used in operations and included above. Minimum lease payments are included in Note 33.

(c) Valuations

Water and Sewerage infrastructure assets

Icon Water water and sewerage infrastructure assets are held at fair value in accordance with Note 1(h) Property, Plant and Equipment. The fair value of infrastructure assets is determined annually by application of a value in use income approach by way of a Discounted Cash Flow (DCF) method, to determine the extent of difference in the economic value and the carrying amount of these assets. Market-based evidence of fair value is unlikely to exist because of the specialised nature of the water and sewerage infrastructure assets. Therefore, the application of fair value by way of a DCF method is adopted. The DCF was determined over a five-year period that reflects the remaining period of the ICRC's final report and Price Direction. The method uses Icon Water's forecast net cash flow results with a terminal value based on cash flow perpetuity discounted using a market based post-tax nominal cash flow of 5.63%. The DCF model is highly sensitive to some key assumptions, including the discount rate adopted. (Refer Note 3 for information on these key assumptions).

The valuation exercise for the period ended 30 June 2015, in line with Icon Water's materiality policy, resulted in the difference in the valuation compared to the carrying values being under 10 per cent for both water and sewerage infrastructure assets, and there was no other evidence to the contrary. Therefore no adjustment to the value of assets as at 30 June 2015.

Land and buildings

An independent valuation of land and buildings was last undertaken as at 30 June 2013 by Colliers International Consultancy and Valuation Pty Limited, who are Certified Practising Valuers and financial members of the ACT Division of the Australian Property Institute. Land and buildings were assessed to fair value in accordance with Australian Accounting Standard AASB 13 *Fair Value Measurement*. Land assets have been valued on the basis of existing use with consideration of legal and physical restraints. Building assets have been valued with regard to their physical and functional obsolescence. There is no evidence to suggest a material change in this valuation at the reporting date.

(d) Refer to Note 39 for changes to prior period comparatives.

19 Non-current assets - Intangible assets

	Computer software ~ \$'000	Carbon credits ^ \$'000	Licences * \$'000	Total \$'000
At 30 June 2014				
Cost	2,115	1,614	22,702	26,431
Accumulation amortisation and impairment	(468)	(1,614)	(6,192)	(8,274)
Net book amount	<u>1,647</u>	<u>-</u>	<u>16,510</u>	<u>18,157</u>
Year ended 30 June 2015				
Opening net book amount	1,647	-	16,510	18,157
Additions - acquisition	663	317	-	980
Amortisation charge	(250)	-	-	(250)
Impairment charge (a)	-	(317)	-	(317)
Borrowing costs	38	-	-	38
Revaluation to fair value	-	-	4,412	4,412
Closing net book amount	<u>2,098</u>	<u>-</u>	<u>20,922</u>	<u>23,020</u>
At 30 June 2015				
Cost	2,816	1,931	27,114	31,861
Accumulation amortisation and impairment	(718)	(1,931)	(6,192)	(8,841)
Net book amount	<u>2,098</u>	<u>-</u>	<u>20,922</u>	<u>23,020</u>

~ Icon Water capitalises and amortises specific-use computer software, such as Geospatial Information Systems and design drawing software. Computer software includes capitalised development costs being an internally generated intangible asset.

^ Icon Water has committed to offset the carbon production associated with the construction and operation of the Water Security Major Projects (WSMP). Icon Water has contracts with AusCarbon Pty Ltd and CO2 Australia Limited to supply 900,000 tonnes of carbon credits over 30 years beginning in the 2009-10 financial year.

* Under the Tantangara Transfer project, Icon Water has purchased water licences to extract and transfer water from the Murrumbidgee Regulated River System, which is stored and released from Tantangara Reservoir in the Snowy Mountains Scheme, to the ACT.

a) The legislation framework governing carbon credits remains uncertain at this stage. An impairment of the full amount has been recognised for the year ended 30 June 2015.

b) Water Licences are held at fair value. As part of the annual impairment assessment, Icon Water has undertaken an analysis of recent observable water transactions within the market and determined the upper and lower price limits for the June 2015 quarter. Where insufficient transactions have occurred in the last quarter (insufficient being determined as when sales in the quarter are less than the average holding of water per licence class as at reporting date), then the observable transactions over the year are analysed to determine the fair value price for each asset class. The upper price value is used as the water licences held are of a larger volume, which are assumed to be higher priced in the market.

19 Non-current assets - Intangible assets (continued)

As at 30 June 2015, Icon Water's General Security class of water licenses are classified as 'held for sale' as its carrying amount will be recovered principally through a sale transaction rather than through continuing use and likely to be settled within the next 12 months. Annual upper price limits for General Security water licences are assessed to be higher than the current carrying value. As such, the carrying amount of the licences are lower than fair value less costs to sell, so no adjustment to the value has been made at 30 June 2015.

The High Security class of water licences have been fair valued using the upper price limit of the observable prices in 2014-15, resulting in an increase of \$4.4 million to the asset base, \$1.3 million to deferred tax liability and \$3.1 million to asset revaluation reserve. The overall impact to the water licences asset base is an increase of \$4.4 million for the year ended 30 June 2015 (2014: \$0.8m).

20 Non-current assets - Other

	2015 \$'000	2014 \$'000
Other (a)	5,731	7,020
Total other non-current assets	5,731	7,020

a) Included in 'Non-current assets - Other' is the non-current portion of the prepayment relating to the Core System Replacement Program project \$3.3m and a receivable of \$2.3m from ActewAGL Joint Venture in respect to the Comcare exit scheme. Refer to Note 23 and 26.

21 Current liabilities - Trade and other payables

	2015 \$'000	<i>Restated</i> 2014 \$'000
Trade payables	3,972	2,358
Other payables and accruals	37,881	34,420
Income tax equivalents payable (a)	17,960	15,746
Total trade and other payables	59,813	52,524

(a) Refer to Note 39 for changes to prior period comparatives.

22 Current liabilities - Borrowings

	2015 \$'000	2014 \$'000
Unsecured		
Loans	81,501	18,977
Total unsecured current borrowings	81,501	18,977

23 Current liabilities - Provisions

	2015 \$'000	2014 \$'000
Employee entitlements	10,257	10,415
Employee entitlements - seconded employees	8,102	11,445
Provision for dividend	23,808	18,071
Provision for make good restoration	2,608	2,509
Other employee related provisions	6,213	4,725
Workers compensation provisions	2,545	1,223
Total provisions	53,533	48,388

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee entitlements and provision for dividend, are set out below:

	Other employee related provisions \$'000	Workers' compensation \$'000	Make good restoration \$'000	Total \$'000
2015				
Carrying amount at the start of the year	4,725	1,223	2,509	8,457
- additional provisions recognised	4,680	2,051	-	6,731
- unused amounts reversed	(6)	-	-	(6)
- amounts used during the year	(3,186)	(1,326)	-	(4,512)
- unwinding of discount	-	597	99	696
Carrying amount at the end of the year	6,213	2,545	2,608	11,366
2014				
Carrying amount at the start of the year	2,707	1,951	166	4,824
- additional provisions recognised	4,399	86	2,343	6,828
- unused amounts reversed	(89)	(106)	-	(195)
- amounts used during the year	(2,292)	(708)	-	(3,000)
Carrying amount at the end of the year	4,725	1,223	2,509	8,457

24 Current liabilities - Other

	2015 \$'000	2014 \$'000
Unearned revenue	8,411	4,810
Total other	8,411	4,810

25 Non-current liabilities - Borrowings

	2015 \$'000	2014 \$'000
Unsecured		
Loans	1,409,719	1,427,362
Total non-current borrowings (a)	1,409,719	1,427,362

(a) As at 30 June 2015 the total principal outstanding was \$1,491.2 million (2014 - \$1,446.3 million) consisting of a \$81.5 million (2014 - \$19.0 million) current liability (Note 22) and a \$1,409.7 million (2014 - \$1,427.3 million) non-current liability. Icon Water maintains a balanced portfolio consisting of two CPI linked indexed annuity bonds (IABs), a capital indexed bond (CIB), three medium term notes and a short term commercial paper.

The IABs consist of \$250.0 million borrowed on 17 April 2000 at a yield of 3.89%, which matures on 17 April 2020 and \$397.0 million, which consists of \$300.0 million borrowed on 12 June 2008 at a yield of 2.42% and a further \$97.0 million maturing on 12 June 2048 at a yield of 3.94%. The bonds are issued paying a base coupon amount, with a CPI component attached. Principal and interest payments are made quarterly with the interest component directly reflecting the movements in the CPI.

The CIB of \$243.0 million was acquired on 17 June 2010 at a yield of 3.72% and matures on 17 June 2030. Interest payments are made on a quarterly basis with the principal inflated by CPI with full payment in 2030.

On 7 June 2011, a \$300.0 million seven year Medium Term Note at a fixed interest rate of 5.72% was acquired with a maturity date of 7 June 2018. Interest payments are made semi-annually. On 22 May 2012, a \$215.0 million eight year Medium Term Note at a fixed rate of 4.33% was acquired with a maturity date of 22 May 2020. Interest payments are made semi-annually. On 22 May 2014, a \$100.0 million ten year Medium Term Note at a fixed interest rate of 4.22% was acquired with a maturity date of 22 May 2024. Interest payments are made semi-annually.

On 27 May 2015, a short term commercial paper was acquired for \$61.0 million at 2.19% interest rate and matures on 25 November 2015.

26 Non-current liabilities - Provisions

	2015 \$'000	2014 \$'000
Employee entitlements	1,380	1,680
Other employee related provisions	6,009	5,871
Workers compensation provisions (b)	8,168	9,901
Total provisions	15,557	17,452

26 Non-current liabilities - Provisions (continued)

Movements in consolidated non-current provisions

(a) Movements in each class of provision during the financial year, other than employee entitlements, are set out below:

2015	Workers compensation \$'000	Other employee related provisions \$'000	Total \$'000
At the beginning of the financial year	9,901	5,871	15,772
- additional provisions recognised	80	138	218
- moved to current portion	(1,813)	-	(1,813)
At the end of the financial year	<u>8,168</u>	<u>6,009</u>	<u>14,177</u>

2014	Workers compensation \$'000	Other employee related provisions \$'000	Total \$'000
At the beginning of the financial year	8,007	-	8,007
- additional provisions recognised	2,733	5,871	8,604
- moved to current portion	(839)	-	(839)
At the end of the financial year	<u>9,901</u>	<u>5,871</u>	<u>15,772</u>

(b) At 30 June 2015, Icon Water has reviewed and updated the Comcare provision model based on independent external advice. The expected net present value of the payments over eight years is estimated at \$9.1m (refer to Note 23 and 26). A receivable has also been recognised for 35% of this amount due to an agreement with ActewAGL to reimburse a portion of the costs (refer to Note 12 and 20). The estimate may vary as a result of changes in the case claims where applicable. Note the sub balance of 'workers compensation' also includes pre1989 workers compensation provisions.

27 Non-current liabilities - Other liabilities

	2015 \$'000	2014 \$'000
Other liabilities (a)	<u>593</u>	<u>660</u>

(a) Includes the non-current finance lease liability. Finance Lease commitments are detailed in Note 33.

28 Non-current liabilities - Deferred tax balances

	2015 \$'000	2014 \$'000
26,896	26,860	
(610)	3,282	
(11,513)	(12,144)	
(8)	(8)	
230,678	230,725	
2,430	3,433	
112,956	39,214	
(80)	(1,018)	
360,749	290,344	

The balance comprises temporary differences attributable to:

Distributions from ActewAGL Partnerships	
Adjustment to prior year tax	
Employee entitlements	
Audit fees	
Depreciation	
Joint venture receivable - employee entitlements	
Asset revaluation	
Other	

	Distributions from ActewAGL Partnerships \$'000	Adjustment to prior year tax \$'000	Joint Venture receivable - employee entitlements \$'000	Audit fees \$'000	Depreciation \$'000	Employee entitlements \$'000	Other \$'000	Asset revaluation \$'000	Total \$'000
At 1 July 2013	25,933	3,718	3,392	(8)	227,759	(10,480)	(2,228)	39,229	287,315
Charged/(credited)									
- profit or loss	927	(436)	41	-	2,966	(1,664)	1,210	-	3,044
- directly to equity (Note 8)	-	-	-	-	-	-	-	(15)	(15)
At 30 June 2014	26,860	3,282	3,433	(8)	230,725	(12,144)	(1,018)	39,214	290,344

28 Non-current liabilities - Deferred tax balances (continued)

	Distributions from ActewAGL Partnerships \$'000	Adjustment to prior year tax \$'000	Employee entitlements \$'000	Audit fees \$'000	Depreciation \$'000	Joint Venture receivable - employee entitlements \$'000	Other \$'000	Asset revaluation \$'000	Total \$'000
Movements									
At 1 July 2014	26,860	3,282	(12,144)	(8)	230,725	3,433	(1,018)	39,214	290,344
Charged/(credited)									
- profit or loss	36	(3,892)	631	-	(47)	(1,003)	938	-	(3,337)
- directly to equity (Note 8)	-	-	-	-	-	-	-	73,742	73,742
At 30 June 2015	26,896	(610)	(11,513)	(8)	230,678	2,430	(80)	112,956	360,749

29 Contributed equity

(a) Share capital

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Ordinary shares - fully paid	2	2	758,871	758,871
Total contributed equity	2	2	758,871	758,871

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Group does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Movements in ordinary share capital

There has been no movement in share capital during the year.

(c) Capital risk management

The Group's and the parent entity's objectives when managing capital is to safeguard their ability to continue as a going concern so they continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure while maintaining financial flexibility to accommodate future investments.

The gearing ratios at 30 June 2015 and 30 June 2014 were as follows:

	Notes	2015 \$'000	<i>Restated</i> 2014 \$'000
Total debt	22, 25	1,491,220	1,446,339
Total equity		1,225,276	1,049,417
		2,716,496	2,495,756
Gearing ratio		54.9%	58.0%

Icon Water has used the gearing ratio of debt (total borrowings) over capital (total equity plus total debt) to monitor its capital position.

30 Reserves and retained earnings

Reserves

	2015 \$'000	2014 \$'000
Asset revaluation reserve (ii)	390,370	218,303
General insurance reserve (i)	9,820	9,820
Total reserves	400,190	228,123

30 Reserves and retained earnings (continued)

Reserves (continued)

	2015 \$'000	2014 \$'000
a) Movements in reserves:		
Asset revaluation		
At the beginning of the financial year	218,303	218,336
Revaluation - net of tax		
Investment (Property plant and equipment)	168,978	-
Intangibles	3,089	527
	172,067	527
Adjustment direct to equity	-	(560)
At the end of the financial year	390,370	218,303

b) Nature and purpose of reserves

(i) General insurance reserve

Due to the difficulty in obtaining certain categories of insurance, the restrictions on cover, and increases in excesses, it is considered prudent to maintain a reasonable financial capacity to manage risks that may arise. Accordingly during 2001-02, previous reserves made for the environment and bushfires were amalgamated into a general insurance reserve.

(ii) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

Retained earnings

Movements in retained earnings were as follows:

	2015 \$'000	Restated 2014 \$'000	
At the beginning of the financial year	62,423	51,748	
Net profit for the year	97,707	86,562	
Dividends	(93,915)	(76,733)	9
Write-back of prior period depreciation	-	846	
At the end of the financial year (Note 39)	66,215	62,423	

31 Key management personnel disclosures

The aggregate compensation made to key management personnel of the Group is set out below:

(a) Key management personnel compensation

	2015 \$	2014 \$
Short-term employee benefits	2,631,462	3,389,818
Post-employment benefits	339,240	399,475
Other long-term benefits	130,455	139,860
Termination benefits	104,000	1,673,433
Total benefits	<u>3,205,157</u>	<u>5,602,586</u>

The compensation of each member of the key management personnel (KMP) of the Group for the current year is set out on the following page.

31 Key management personnel disclosures (continued)

	2014-15	Short term employee benefits \$				Superannuation \$	Long-term employee benefits - long service leave (note 3) \$	Termination benefits \$	Total \$
		salary, fees and short-term compensated absences	short-term profit-sharing and other bonuses	non-monetary benefits (note 2)					
Dr Michael Easson AM Non-Executive Chairman		69,600	-	-	9,069	-	-	78,669	
Wendy Caird Non-Executive Deputy Chair		39,989	-	476	5,211	-	-	45,676	
John Knox Managing Director of Icon Water		619,145	-	476	74,297	12,568	-	706,486	
Dr Allan Hawke AC Non-Executive Director		34,773	-	-	4,531	-	-	39,304	
Carol Lilley Non-Executive Director		34,751	-	-	-	-	-	34,751	
Jennifer Goddard Non-Executive Director		34,773	-	476	4,651	-	-	39,900	
Rachel Peck Non-Executive Director		34,773	-	476	4,531	-	-	39,780	
Amanda Lewry General Manager Asset Management		326,453	-	210	39,174	29,360	-	395,197	
Ray Hezkiel General Manager Project Delivery, Operations & Maintenance		321,255	-	2,289	38,551	21,505	-	383,600	
Chris Webb General Manager Safety & Business Solutions (note 4)		372,092	-	221	54,940	37,712	104,000	568,965	
Sam Sachse General Manager Finance		319,263	-	2,559	37,902	29,310	-	389,034	
Jane Breaden General Manager Governance		275,352	-	-	47,915	-	-	323,267	
Sub-Total as per Annual Report		2,482,219	-	7,183	320,772	130,455	104,000	3,044,629	
Other Key Management Personnel for period (note 1)		142,060	-	-	18,468	-	-	160,528	
TOTAL		2,624,279	-	7,183	339,240	130,455	104,000	3,205,157	

31 Key management personnel disclosures (continued)

	2013-14	Short term employee benefits \$				Long-term employee benefits - long service leave (note 5) \$	Termination benefits \$	Total \$
		salary, fees and short-term compensated absences	short-term profit-sharing and other bonuses	non-monetary benefits (note 3)	Superannuation \$			
Dr Michael Easson AM Non-Executive Chairman		68,539	-	-	8,225	-	-	76,764
Wendy Caird Non-Executive Deputy Chair		39,696	-	464	4,764	-	-	44,924
John Knox Managing Director of Icon Water (previously ACTEW)		227,732	-	-	27,328	4,256	-	259,316
Dr Allan Hawke AC Non-Executive Director		34,640	-	5,048	4,157	-	-	43,845
Carol Lilley Non-Executive Director		34,751	-	6,145	-	-	-	40,896
Jennifer Goddard Non-Executive Director		34,640	-	464	4,157	-	-	39,261
Rachel Peck Non-Executive Director		34,640	-	539	4,157	-	-	39,336
Mark Sullivan AO Managing Director of Icon Water (previously ACTEW) (former) (until 10/2/14)		458,645	-	13,925	38,815	6,355	690,000	1,207,740
Ian Carmody Deputy Chief Executive Officer (until 2/12/14)		303,190	-	3,310	16,600	10,460	418,576	752,136
Simon Wallace Chief Financial Officer (note 1)		287,038	-	4,087	32,562	21,182	241,199	586,068
Michele Norris Company Secretary and Executive Manager Governance (note 2)		211,865	-	3,695	38,400	18,232	323,658	595,850
Chris Webb General Manager Safety & Business Solutions		259,742	57,200	12,865	50,248	19,086	-	399,141
Ray Hecklial General Manager Project Delivery, Operations & Maintenance		263,797	58,300	17,707	38,510	22,547	-	400,861
Simon Webber Group Manager Sewerage		223,919	49,610	1,784	47,863	12,935	-	336,111
Ananda Lewry General Manager Asset Management		223,454	49,610	-	32,723	-	-	305,817
Sub-Total as per Annual Report		2,706,318	214,720	70,033	348,509	115,053	1,673,433	5,128,066
Other Key Management Personnel for period (note 4)		331,009	65,797	1,941	50,966	24,807	-	474,520
TOTAL		3,037,327	280,517	71,974	399,475	139,860	1,673,433	5,802,596

31 Key management personnel disclosures (continued)

Note references 2014-15:

- 1) KMP disclosure within the Financial Statements includes the remuneration of all persons who are identified as being a KMP in the financial period, for the time they held a KMP position. In 2014-15, there were 13 KMP for Icon Water, 7 of these KMPs were Directors of Icon Water or its subsidiaries. The top 5 KMP other than Directors, are disclosed individually to reflect the requirements of the Territory-owned Corporations Act 1990. Other KMP for the 2014-15 financial period, consists of 1 person.
- 2) Non-monetary benefits are free or subsidised goods or services relating to services in the current period, such as car parking expenses, gym fees and professional membership fees including fringe benefits tax, where applicable.
- 3) Icon Water changed from a cash payments to an accruals method of disclosing remuneration for the KMP note in the 2014-15 financial statements. This change was made to correlate disclosures with amounts recognised in the financial statements. As noted below, the 2013-14 KMP disclosure has been restated. For long service leave, the amount accrued is disclosed when the employee has reached 7 years of service. As a result of the change in disclosure policy, balances accrued prior to the 2013-14 financial year have not been disclosed. Hence these are disclosed on the following page in Note 5 (under 2013-14). In addition, the KMP who have reached 7 years during this financial year are Amanda Lewry (opening balance \$40,812) and Sam Sachse (opening balance \$31,840).
- 4) Chris Webb ceased employment on 30th June 2015 as General Manager Safety and Business Solutions. The annual leave entitlement on cessation was \$56,104 which has been included in the 'salary, fees and short term compensated absences' column in addition to his 2014-15 salary. Mr Webb's notice period entitlement and annual leave entitlements have not been paid as at 30 June 2015 however have been included in the remuneration note above.

31 Key management personnel disclosures (continued)

Note references 2013-14:

- 1) Simon Wallace (Chief Financial Officer) became an unattached employee on 23 May 2014; however his official last day of employment was 4 July 2014. The short-term and post-employment benefits only relate to his employment as key management personnel. The long-term and termination benefits disclosed were for the full amount received on the last day of employment.
- 2) Michele Norris (Company Secretary and Executive Manager of Governance) became an unattached employee on 27 May 2014; however her official last day of employment was 15 July 2014. The short-term and post-employment benefits only relate to her employment as key management personnel. The long-term and termination benefits disclosed were for the full amount received on the last day of employment.
- 3) Non-monetary benefits are free or subsidised goods or services relating to services in the current period, such as car parking expenses, travel expenses, conference expenses and professional membership fees including fringe benefits tax, where applicable.
- 4) KMP disclosure within the Financial Statements includes the remuneration of all persons who are identified as being a KMP in the financial period, for the time they held a KMP position. In 2013-14, there were 18 KMP for Icon Water, 10 of these KMP's were Directors of Icon Water or it's subsidiaries. The top 5 KMP other than Directors, are disclosed individually to reflect the requirements of the *Territory-owned Corporations Act 1990*. Other KMP for the 2013-14 financial period, consists of 3 personnel.
- 5) Icon Water changed from a cash payments to an accruals method of disclosing remuneration for the KMP note in the 2014-15 financial statements. This change was made to correlate disclosures with amounts recognised in the financial statements. The 2013-14 KMP disclosure has been restated. For long service leave, the amount accrued is disclosed when the employee has reached 7 years of service. As a result of the change in disclosure policy, balances accrued prior to the 2013-14 financial year have not been previously disclosed. Hence the opening balances were: Mark Sullivan (\$85,803), Simon Wallace (\$38,754), John Knox (\$133,369), Michele Norris (\$53,376), Chris Webb (\$159,252), Ray Hezkial (\$56,449), Simon Webber (\$40,756), other key management personnel (\$104,525). Amanda Lewry (nil) has not reached 7 years of service.

32 Related party transactions

Parent entities

The wholly owned group consists of Icon Water and its wholly owned controlled entities. These entities are Icon Retail Investments Limited and Icon Distribution Investments Limited. The results of the ActewAGL joint venture partnerships, which is 50% owned by Icon Water through its subsidiaries, Icon Retail Investments Limited and Icon Distribution Investments Limited are accounted for using the equity method. Icon Water has several operational arrangements with its controlled entities. All transactions are at an arm's length basis.

The following transactions occurred with related parties:

	30 June 2015 \$'000	<i>Restated</i> 30 June 2014 \$'000
Wholly owned controlled entities		
Dividend revenue	71,287	57,234
Income tax equivalents expense to the ACT Government	42,615	38,274
Aggregate amounts receivable from and payable to entities in the wholly-owned groups at balance date were as follows:		
Current receivables (tax funding agreement)	29,001	24,096
Current receivables (other)	71,287	57,290
Current payables and other	23,808	18,071
Non-interest bearing loans	538,873	477,737

Parent entity

The parent entity in the wholly owned group is Icon Water.

The ultimate parent entity is the ACT Government (being the ACT Chief Minister and Deputy Chief Minister), which owns 100% (2014 - 100%) of the issued ordinary shares of Icon Water.

Ownership interests in related parties

Interests held in the following classes of related parties are set out in the following notes: Controlled Entities - Note 35.

Other related parties

The following transactions occurred with the ActewAGL Joint Venture:

32 Related party transactions (continued)

	2015 \$'000	2014 \$'000
Aggregate amounts included in the determination of operating profit before income tax equivalents that resulted from transactions with other related parties:		
Operating expenses	35,735	36,966
Revenue	30,919	44,263
Aggregate amounts receivable from and payable to joint venture partnerships at balance date:		
Current receivables	9,328	19,864
Current accounts payable and other	2,941	3,401
Non-current receivables	2,316	2,951

33 Commitments for expenditure

	2015 \$'000	2014 \$'000
<i>Capital expenditure commitments (a)</i>	38,701	36,546
<i>Other expenditure commitments (b)</i>	255,585	275,110

Operating lease (c)

Commitments in relation to operating leases contracted at balance date but not provided for in accounts payable:

Within one year	2,125	2,640
Later than one year but not later than five years	5,725	5,915
Later than five years	3,819	4,899
Minimum lease payments	11,669	13,454

Finance lease (d)

Commitments in relation to finance leases contracted for at balance date, but not provided for in accounts payable

Within one year	101	101
Later than one year but not later than five years	685	379
Later than five years	-	382
Minimum lease payments	786	862

a) Capital commitments includes the open blanket purchase agreements for capital expenditure of \$24.7m (2014: \$22.8m) and amounts for purchase of carbon credits through contracts with CO2 and AusCarbon for \$14.0m (2014: \$13.7m).

33 Commitments for expenditure (continued)

(continued)

b) On 27 June 2012 Icon Water entered into a 'Corporate Services Agreement' (CSA) with ActewAGL Distribution Partnership to provide corporate services to Icon Water, and a 'Customer Services and Community Support Agreement' (CSCSA) with ActewAGL Retail Partnership to provide retail services. The expenditure commitments include these contracts as well as general expenditure commitments.

c) Operating lease commitments are for computer equipment and motor vehicles, with Capital Easy Finance & Leasing, the supplier for computer equipment, and Toyota Finance Australia, the supplier of motor vehicles for Icon Water. They also include the property lease with ActewAGL for the offices in Bunda Street in Canberra.

d) A finance lease has been entered into by the parent entity with Toyota Fleet Management on 19 February 2013 ending 18 February 2020. This is for a specialised heavy vehicle used in operations.

34 Contingencies

(a) Contingent liabilities

i) Commonwealth Superannuation Scheme

A number of claims have been made against the Commonwealth and Icon Water in relation to allegedly inaccurate information purportedly given to former employees regarding their eligibility to originally join the Commonwealth Superannuation Scheme. To date, Icon Water has settled a number of these claims. Future claims fall into the categories of current claims in the process of pre-settlement, notified prospective claims and possible future claims. Possible future claims have not been provided for and are included as a contingent liability.

These individuals may make a claim for settlement at a future date that, if successful, creates a liability for Icon Water. Any liability in relation to this group is uncertain as the individuals have not been identified and have not yet advised of any intention to bring a claim now or in the future. Insufficient evidence exists to estimate the financial effect of this contingent liability. Depending on the circumstances of each claim, costs arising from settlement of these claims may be shared between Icon Water and the Commonwealth. No other reimbursement of Icon Water's costs is likely. Icon Water is not able to quantify claims at this point in time.

ii) Williamsdale land

Icon Water sold land in Williamsdale to the ACT Government in March 2015. A contingent liability limited to \$0.2m exists in respect to environmental remediation of any previously undiscovered contamination found on a specific portion of this land. Claims can be lodged for a period of 36 months after the sale, with work allowed to be performed for a further 12 months thereafter.

iii) Claims

Entities within Icon Water are involved in disputes in the normal course of operations. The Directors believe, based on legal advice, that material losses (including for costs) are not anticipated in resolving those claims.

35 Investment in controlled entities

(a) Significant investments in subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2015 %	2014 %
Icon Distribution Investments Limited	Australia	Ordinary	100	100
Icon Retail Investments Limited	Australia	Ordinary	100	100

36 Interests in joint ventures

(a) Joint venture partnerships - ActewAGL Partnership

Icon Retail Investments Limited entered into a joint venture partnership with AGL ACT Retail Investments Pty Ltd to manage the retail operations of the ACT electricity and gas networks. Icon Distribution Investments Limited entered into a joint venture partnership with Jemena Networks (ACT) Pty Ltd to manage the ACT electricity network and the ACT, Queanbeyan and Nowra gas networks.

Principal place of business:

ActewAGL House
40 Bunda Street
CANBERRA ACT 2600

Both entities have a 50% participating interest in the respective joint ventures. Information relating to the joint venture partnership, presented in accordance with the accounting policy described in Note 1(b) (iii) is set out below:

	2015 \$'000	2014 \$'000
Share of partnership's commitments		
Lease commitments	29,644	41,679
Capital and other commitments	8,922	16,362
	<u>38,566</u>	<u>58,041</u>

(b) Joint venture arrangements - ActewAGL Generation

In April 2012, Icon Retail Investments Limited entered into a joint venture with AGL ACT Retail Investments Pty Ltd to form ActewAGL Generation Pty Ltd in order to develop generation projects.

Icon Retail Investments Limited has a 50% ownership in ActewAGL Generation Pty Ltd. As at 30 June 2015, there have been no transactions, apart from ASIC fees, within ActewAGL Generation Pty Ltd.

36 Interests in joint ventures (continued)

(c) Contingent liabilities relating to joint ventures

(i) Claims

There are a number of public liability insurance claims against the ActewAGL partnerships at year end. Should the partnerships be proved liable, the partnerships must pay the first \$25,000 of each claim. The Group's share of the partnerships' contingent liability is estimated to be \$0 as at 30 June 2015 (2014: \$1,877).

(ii) Bank guarantees

The ActewAGL partnerships have given a number of bank guarantees in respect to:

Security deposits in relation to its leases, Group's share amounting to \$2,429,898 (2014: \$2,429,898)

These have not been recognised in the balance sheet. Amounts have been disclosed using the Group's share of the contingent liability.

37 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

38 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2015 \$'000	<i>Restated</i> 2014 \$'000
Balance sheet		
Current assets	233,462	203,115
Total assets	<u>2,902,438</u>	<u>2,835,765</u>
Current liabilities	203,228	122,876
Total liabilities	<u>1,868,135</u>	<u>1,807,864</u>
Net assets	1,034,303	1,027,901

38 Parent entity financial information (continued)

(a) Summary financial information (continued)

	2015 \$'000	<i>Restated</i> 2014 \$'000
<i>Shareholders' equity</i>		
Contributed equity	758,871	758,871
Reserves		
Asset revaluation	181,667	178,579
General Insurance	9,820	9,820
Retained earnings	83,945	80,631
	1,034,303	1,027,901
Profit or loss for the year	97,229	75,467
Total comprehensive income	100,317	75,995

b) Guarantees entered into by the parent entity

The parent entity bank guarantees as at 30 June 2015 are nil.

c) Contingent liabilities of the parent entity

The parent entity contingent liabilities as at 30 June 2015 are referred to in Note 34.

d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity contractual commitments for the acquisition of property, plant and equipment as at 30 June 2015 are referred to in Note 33.

39 Correction of prior period

(a) Restatement of prior period comparatives - Private gifted assets

During the period ended 30 June 2015, it was identified that since 2007, gifted water and sewerage infrastructure from privately developed land estates, which have been inspected, accepted, maintained and serviced by Icon Water, had not been recognised in Icon Water's accounting asset register, and the gifted assets have not been recognised as revenue in the financial statements.

Icon Water has assessed the value of these privately developed gifted assets for each period, and assessed the period specific and cumulative impacts in determining the correction period for the error.

The effects of the prior period error to be included in the 2013-14 comparatives are:

	\$'000
• Understatement of gifted revenue	\$9,298
• Understatement of tax expense	\$2,790
• Understatement of property, plant and equipment	\$62,970
• Understatement of tax liabilities	\$13,285
• Understatement of depreciation expense	\$770
• Understatement of opening retained earnings	\$43,947

Accordingly, corrections have been made by adjusting the gifted revenue, associated depreciation and tax expense for the 2013-14 year and adjusting the cumulative effect of the past periods to the opening retained earnings balance.

These corrections have not resulted in an adjustment to the fair value of water and sewerage assets recognised in the financial statements for the 2013-14 financial year.

The Australian Tax Office (ATO) has not treated the full amount of previously undeclared gifted assets as assessable income, as it applied the time limits under the legislation. The amount of tax and interest payable on prior undeclared assessable income was \$13.3m.

Icon Water's shareholders agreed that dividends will not be payable on the additional profits as a result of the correction of this prior period error.

Icon Water Limited and Controlled Entities
Notes to the consolidated financial statements
30 June 2015
(continued)

39 Correction of prior period (continued)

Detailed adjustments are included below:

	30 June 2013 \$'000	Increase/ (Decrease) \$'000	30 June 2013 (Restated) \$'000
Consolidated statement of financial position (extract)			
Property, plant and equipment (Note 18)	2,025,593	54,442	2,080,035
Trade and other payables (Note 21)	55,367	10,495	65,862
Net assets	994,828	43,947	1,038,775
Closing retained profits (Note 30)	7,801	43,947	51,748
Total equity	994,828	43,947	1,038,775

	2014 \$'000	Profit Increase/ (Decrease) \$'000	2014 (Restated) \$'000
Consolidated income statement (extract)			
Other income (Note 6)	36,277	9,298	45,575
Depreciation and amortisation expense (Note 7)	(42,284)	(770)	(43,054)
Profit before income tax equivalents	116,308	8,528	124,836
Income tax expense (Note 8)	(35,484)	(2,790)	(38,274)
Profit for the year	80,824	5,738	86,562

Profit is attributable to:

Owners of Icon Water Limited and Controlled Entities	80,824	5,738	86,562
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	30 June 2014 \$'000	Increase/ (Decrease) \$'000	30 June 2014 (Restated) \$'000
Consolidated statement of financial position (extract)			
Property, plant and equipment (Note 18)	2,054,596	62,970	2,117,566
Trade and other payables (Note 21)	39,238	13,285	52,523
Net assets	999,732	49,685	1,049,417
Closing retained profits (Note 30)	12,738	49,685	62,423
Total equity	999,732	49,685	1,049,417

Annexed Reports

- A. **Icon Distribution Investments Limited**
- B. **Icon Retail Investments Limited**
- C. **ActewAGL Joint Venture**

Icon Distribution Investments Limited

ABN 83 073 025 224

**General Purpose
Financial Report**
for the year ended 30 June 2015
(previously known as ACTEW Distribution Limited)

Icon Distribution Investments Limited ABN 83 073 025 224
Financial Report for the year ended 30 June 2015

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The financial statements are presented in Australian currency.

The financial statements were authorised for issue by the Directors on 26 of August 2015.

**Icon Distribution Investments Limited
Company Profile
30 June 2015**

Icon Distribution Investments Limited (Icon Distribution) is a wholly owned subsidiary company of Icon Water Limited (Icon Water). Icon Distribution holds a 50% interest in the ActewAGL Distribution Partnership. Icon Distribution is limited by shares and incorporated and domiciled in Australia.

Principal registered office in Australia	Level 5, ActewAGL House 40 Bunda Street Canberra ACT 2600 Australia Phone: (02) 6248 3111 Fax: (02) 6248 3567
Principal place of business	Level 5, ActewAGL House 40 Bunda Street CANBERRA ACT 2600 GPO Box 366 CANBERRA ACT 2601
Auditor	ACT Audit Office
Solicitors	King & Wood Mallesons Minter Ellison
Bankers	Commonwealth Bank of Australia
ACN	073 025 224
ABN	83 073 025 224
Website	www.iconwater.com.au

The Directors present their report on the financial report of Icon Distribution Investments Limited (Icon Distribution) at the end of, or during, the year ended 30 June 2015.

Directors

The following persons were directors of Icon Distribution during or since the end of the financial year:

Dr Michael Easson AM, Chairman
John Knox
Wendy Caird
Rachel Peck (appointed 31 July 2014)
Simon Peter Wallace (until 4 July 2014)

Company secretary

Michele Norris (until 15 July 2014)
Craig Richardson
Jane Breden (alternative) appointed 29 July 2014

Meetings of directors

The numbers of meetings of the Company's board of Directors held during the year ended 30 June 2015, and the numbers of meetings attended by each Director were:

Director	No. of meetings attended	No. of meetings eligible to attend
Dr Michael Easson AM, Chairman	5	5
John Knox	4	5
Wendy Caird	5	5
Rachel Peck	3	4
Simon Peter Wallace	-	1

Principal activities / Review of operations

Since 3 October 2000, Icon Distribution has held a 50% interest in the ActewAGL Distribution Partnership. Therefore its operations and the expected results of those operations are dependent on that of the ActewAGL Distribution partnership.

Significant changes in the state of affairs

On the 28th of October 2014, ACTEW Distribution Limited officially changed its name to Icon Distribution Investments Limited (Icon Distribution). Icon Distribution's parent entity, ACTEW Corporation Limited, also changed its name to Icon Water Limited from this date.

There have been no other significant changes in the state of affairs of Icon Distribution during the year.

Trading results and dividends

A dividend of \$49,025,914 (2014: \$39,484,807) has been declared by the directors to be paid, which is 100% of 30 June 2015 after tax net profit.

Matters subsequent to the end of the financial year

No matters of significance have arisen since the end of the financial year.

Likely developments and expected results of operations

There are no likely developments that will affect the expected results of operations.

Environmental Regulations

Icon Distribution has various environmental reporting requirements and obligations in each state and territory that it held a licence. The licences were issued to the ActewAGL Distribution Partnership and reporting and compliance obligations are undertaken by the Partnership.

Insurance of officers

Icon Water had in place during the financial year a package of insurance that included insurance for directors and officers of Icon Water, its controlled entities and the ActewAGL Joint Venture.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company, other than where such liabilities arise out of conduct involving wilful breach of duty by the officers or the improper use by the officers of their position. The policy also applies if a claim is made against directors or officers after they have left the service of Icon Water, where the claim was over events that occur during their service in Icon Water.

Indemnity of Officers

Icon Water has indemnified directors and officers of Icon Water and wholly owned subsidiary companies against liabilities and legal costs arising in the course of their duties including as a Director appointed by Icon Water or by a subsidiary company of Icon Water to serve on the board of a company or partnership that is part owned directly or indirectly by Icon Water or by a subsidiary company of Icon Water, to the extent permitted by the *Corporations Act 2001*. This indemnity is to operate only where and to the extent that the director or officer is unable to require an insurer to meet the damage, liability, cost, loss or expense.

No liability has arisen under these indemnities as at the date of this report.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed for and on behalf of, and in accordance with a resolution of, the board of Directors



Dr Michael Easson AM
Chairman

Canberra
26 of August 2015



John Knox
Director

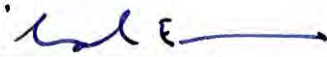
Canberra
26 of August 2015

Icon Distribution Investments Limited
Directors' declaration
30 June 2015

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 24 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - ii) giving a true and fair view of Icon Distribution's financial position as at 30 June 2015 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



Dr Michael Easson AM
Chairman

Canberra
26 of August 2015



John Knox
Director

Canberra
26 of August 2015

INDEPENDENT AUDIT REPORT
ICON DISTRIBUTION INVESTMENTS LIMITED
To the Members of the ACT Legislative Assembly and
Icon Distribution Investments Limited

Report on the financial report

The financial report of Icon Distribution Investments Limited (the Company) for the year ended 30 June 2015 has been audited. The financial report comprises the statement of profit and loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes and directors' declaration.

Responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements, *Corporations Act 2001* and *Corporations Regulations 2001*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial report.

The auditor's responsibility

Under the *Corporations Act 2001*, I am responsible for expressing an independent audit opinion on the financial report of the Company.

The audit was conducted in accordance with Australian Auditing Standards to obtain reasonable assurance that the financial report is free from material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial report. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial report, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the prudence of decisions made by the Company.

Electronic presentation of the audited financial report

Those viewing an electronic presentation of this financial report should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from this financial report. If users of the financial report are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial report to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2015 and its performance for the year ended on that date; and
- (b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements and *Corporations Regulations 2001*.

The audit opinion should be read in conjunction with other information disclosed in this report.



Dr Maxine Cooper
Auditor-General
31 August 2015

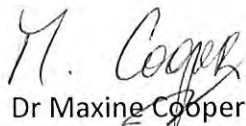
Board of Directors
Icon Distribution Investments Limited
ActewAGL House
40 Bunda Street
CANBERRA CITY ACT 2601

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
FINANCIAL REPORT OF ICON DISTRIBUTION INVESTMENTS LIMITED
FOR THE YEAR ENDED 30 JUNE 2015**

In relation to the audit of the financial report of Icon Distribution Investments Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Yours sincerely



Dr Maxine Cooper
Auditor-General
26 August 2015

Icon Distribution Investments Limited
Statement of profit and loss and other comprehensive income
For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Share of net profit of the ActewAGL Distribution Partnership accounted for using the equity method	3	68,673	57,701
Other expenses arising from ordinary activities	4	<u>(11)</u>	<u>(12)</u>
Profit before income tax equivalents expense		68,662	57,689
Income tax equivalents expense	5	<u>(19,636)</u>	<u>(18,204)</u>
Profit for the year		<u>49,026</u>	<u>39,485</u>
Profit is attributable to:			
Owners of Icon Distribution Investments Limited		<u>49,026</u>	39,485
		<u>49,026</u>	<u>39,485</u>
Other comprehensive income, net of income tax			
Revaluation increment - Property plant and equipment within investment		241,396	-
Income tax relating to components of other comprehensive income		<u>(72,419)</u>	-
Items that will not be reclassified subsequently to profit and loss	13	<u>168,977</u>	-
Total comprehensive income for the year		<u>218,003</u>	<u>39,485</u>

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Icon Distribution Investments Limited
Statement of financial position
As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Non-current assets			
Investments accounted for using the equity method	7	<u>895,208</u>	610,138
Total non-current assets		<u>895,208</u>	610,138
Total assets		<u><u>895,208</u></u>	610,138
LIABILITIES			
Current liabilities			
Trade and other payables	8	13	13
Provisions	9	<u>49,026</u>	39,485
Total current liabilities		<u>49,039</u>	39,498
Non-current liabilities			
Deferred tax balances	10	124,743	52,745
Other liabilities	11	<u>512,324</u>	477,770
Total non-current liabilities		<u>637,067</u>	530,515
Total liabilities		<u><u>686,106</u></u>	570,013
Net assets		<u><u>209,102</u></u>	40,125
EQUITY			
Contributed equity	12	400	400
Reserves	13	<u>208,702</u>	39,725
Total equity		<u><u>209,102</u></u>	40,125

The above statement of financial position should be read in conjunction with the accompanying notes.

Icon Distribution Investments Limited
Statement of cash flows
For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Notes		
Cash flows from operating activities		
Distributions received from the ActewAGL Distribution Partnership	25,000	27,500
Payments to suppliers and employees (inclusive of goods and services tax)	(12)	(25)
Net cash inflow from operating activities	24,988	27,475
Net cash inflow from investing activities	-	-
Cash flows from financing activities		
Transfer of income tax equivalents paid by Icon Water	(20,057)	(17,560)
Dividend paid to Icon Water	(39,485)	(49,616)
Net cash (outflow) from financing activities	(59,542)	(67,176)
Net (decrease) in cash and cash equivalents	(34,554)	(39,701)
Financed by:		
Parent company intercompany loan account movements		
Balance at the beginning of the financial year	(477,770)	(438,069)
Balance at the end of the financial year	11 (512,324)	(477,770)
Total movement	(34,554)	(39,701)

The parent company, Icon Water handles cash for the company which is offset by a loan account.

All cash is handled through Icon Water and is reflected in the accounts of that company.

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Icon Distribution Investments Limited
Statement of changes in equity
For the year ended 30 June 2015

Notes	Capital \$'000	Retained earnings \$'000	Reserves \$'000	Total equity \$'000
Balance at 1 July 2013	400	-	39,725	40,125
Profit for the year as reported in the 2014 financial statements	-	39,485	-	39,485
Total comprehensive income for the year	-	39,485	-	39,485
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	(39,485)	-	(39,485)
Balance at 30 June 2014	400	-	39,725	40,125
Balance at 1 July 2014	400	-	39,725	40,125
Profit for the year as reported in the 2015 financial statements	-	49,026	-	49,026
Other comprehensive income	-	-	168,977	168,977
Total comprehensive income for the year	-	49,026	168,977	218,003
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	(49,026)	-	(49,026)
Balance at 30 June 2015	400	-	208,702	209,102

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

Contents of the notes to financial statements

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board, the *Corporations Act 2001* and other requirements of the law. Icon Distribution is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of Icon Distribution comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, unless otherwise stated in the financial statements.

(iii) New and amended standards adopted by the group

Icon Distribution has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

Interpretation 21 Accounting for Levies

AASB 2014-1 Amendments to Australian Accounting Standards.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(iv) Early adoption of standards

Icon Distribution has elected not to early adopt any new or amended standards in the current year.

(iv) Rounding of amounts

Icon Distribution is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998. In accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

(b) Significant changes in state of affairs

On the 28th of October 2014, ACTEW Distribution Limited officially changed its name to Icon Distribution Investments Limited (Icon Distribution). Icon Distribution's parent entity, ACTEW Corporation Limited, also changed its name to Icon Water Limited from this date.

(c) Income tax equivalents expense

Icon Distribution is exempt from Federal income tax. Icon Water and controlled entities are required to make an equivalent payment to the ACT Government as required by the *Territory Owned Corporations Act 1990*.

The income tax equivalents expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(c) Income tax equivalents expense (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

A tax sharing agreement (including a tax contribution agreement) has been executed by the Head Company, Icon Water with its wholly-owned subsidiaries (including Icon Distribution) agreeing that should the Head Company default in not paying the tax liability for a tax period by the time it becomes due and payable, each contributing member will be liable to pay to the Chief Minister, Treasury and Economic Development Directorate (ACT Revenue Office) an amount which represents a reasonable allocation among the Head Company and contributing members. The likelihood of default by the Head Company of tax payments payable to the Chief Minister, Treasury and Economic Development Directorate (ACT Revenue Office) on behalf of its subsidiaries is considered to be remote.

Tax consolidation legislation

Icon Water and its wholly-owned Australian controlled entities implemented tax consolidation from 1 July 2003. Icon Distribution as a subsidiary in the tax consolidation group, continues to account for its own current and deferred tax amounts. The tax amounts are measured as if each entity in the tax consolidated group continues to be a stand - alone taxpayer in its own right.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Joint venture partnership

Icon Distribution has assessed its joint arrangement and concluded the arrangement to be a joint venture. The interest in the ActewAGL Distribution partnership is accounted for using the equity method. Under this method, the share of the profits or losses of the partnership is recognised as revenue in the statement of comprehensive income, and the share of movement in reserves is recognised in reserves in the statement of financial position. Details relating to the partnership are set out in note 18. Icon Distribution's share in the property, plant and equipment (PPE) assets of the ActewAGL Distribution partnership has been adjusted to fair value to align to Icon Water Group's accounting policy on PPE accounted for at fair value. The valuation of these assets is by application of a cash generating unit test based on expected net cash flows of the ActewAGL Distribution partnership discounted to present value.

(h) Dividends

Icon Distribution distributes 100% of profits to Icon Water.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable.

(j) Going concern

The financial report has been prepared on a going concern basis. This contemplates the realisation of assets and settlements of liabilities in the ordinary course of business. Icon Distribution is a holding company for Icon Water Limited's investment in the ActewAGL Distribution Partnership. It has a 100% dividend payment policy to its shareholder.

2 Critical estimates, judgements and errors

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Investment in ActewAGL Distribution Partnership

Icon Distribution determines the fair value of property, plant and equipment of the ActewAGL Distribution Partnership at the beginning of each regulatory period. This is to align its accounting policies on property, plant and equipment with those of the Icon Water Group, from cost to fair value. The fair value of property, plant and equipment in the ActewAGL Distribution Partnership was last measured in 2007. Since 2007, Icon Distribution performed an assessment of the fair value of property, plant and equipment in ActewAGL Distribution Partnership and assessed that the fair value did not change materially within the prior regulatory period. The fair value is determined by application of a value in use income approach by way of a Discounted Cash Flow (DCF) method.

In April 2015, the Australian Energy Regulator (AER) handed down its final determination for the new regulatory period. The valuation exercise for the period ended 30 June 2015, in line with Icon Water Group's materiality policy, resulted in an upward revaluation adjustment of \$241.4 million. The overall fair value increment is \$298.1m (\$56.7m recognised in 2007). The DCF method uses ActewAGL Distribution Partnership's forecast net cash flow, with a terminal value based on the Regulated Asset Base multiple, discounted using a market based post-tax nominal rate of 5.63%.

The key assumptions underlying valuation calculations for the current reporting period are:

- The DCF valuation relies on ActewAGL Distribution Partnership's cash flow forecasts, after taking into account the AER's final determination.
- Operating and capital expenditure is based on ActewAGL Distribution Partnership's assumptions.
- The market based nominal discount rate (post tax) used is 5.63%.

The DCF method used is sensitive to variations in the market based nominal discount rate and the quantitative materiality threshold is applied when revaluing the investment in ActewAGL Distribution Partnership. For example, a 0.1% increase/(decrease) in this discount rate, results in a decrease/(increase) in the recoverable amount of the asset bases of approximately \$5.6 million.

3 Revenue from continuing operations

	2015 \$'000	2014 \$'000
Revenue		
Share of net profit or loss of the ActewAGL Distribution Partnership accounted for using the equity method	68,673	57,701
Total revenue	68,673	57,701

Icon Distribution derives all its revenue from the ActewAGL Distribution partnership.

4 Expenses

	2015 \$'000	2014 \$'000
Expenses		
Operating expenses	11	12
Total expenses	<u>11</u>	<u>12</u>

5 Income tax equivalents expense

The income tax equivalents, calculated at 30% on operating profit differs from the amount calculated on the profit. The differences are reconciled as follows:

(i) Income tax equivalents expense

	2015 \$'000	2014 \$'000
Current tax		
Current tax equivalents expense recognised in current year	19,043	16,983
Adjustment to prior year (a)	1,014	590
	<u>20,057</u>	<u>17,573</u>
Deferred tax		
Deferred tax expense recognised in the current year	419	426
Adjustments of deferred tax for prior periods (a)	(840)	205
	<u>(421)</u>	<u>631</u>
Total income tax equivalents recognised in current year	<u>19,636</u>	<u>18,204</u>
Net deferred tax - recognised directly in equity (b)	72,419	-
Total income tax equivalents recognised in profit and loss and equity in the current financial year	<u>92,055</u>	<u>18,204</u>

a) Adjustment relates to the prior year income tax return reconciliation (unders/overs).

b) Refer to note 2(a).

5 Income tax equivalents expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2015 \$'000	2014 \$'000
Profit from continuing operations before income tax expense	68,662	57,689
Tax at the Australian tax rate of 30% (2014 - 30%)	20,599	17,307
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible items	68	100
Other	(1,205)	-
Adjustment to prior year income tax expense	174	797
Income tax equivalents expense	<u>19,636</u>	<u>18,204</u>

Tax consolidation legislation

Icon Water and its wholly-owned subsidiaries (including Icon Distribution) have implemented tax consolidation legislation as from 1 July 2003. The accounting policy note to this legislation is set out in note 1(c) 'income tax equivalents'.

Icon Water and its subsidiaries have entered into a tax funding agreement under which the wholly-owned companies fully compensate Icon Water for any current tax payable assumed and are compensated by Icon Water for any current tax receivable and deferred tax assets relating to unused tax credits that are transferred to Icon Water under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned companies' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the parent company, Icon Water, which is issued as soon as practicable at the end of the financial year. The parent company may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivable or payable.

6 Dividends

	2015 \$'000	2014 \$'000
Balance at the beginning of the financial year	39,485	49,616
Amount appropriated from operating profit	49,026	39,485
	<u>88,511</u>	<u>89,101</u>
Amount paid during the year	(39,485)	(49,616)
Balance at the end of the financial year	<u>49,026</u>	<u>39,485</u>

7 Non-current assets - Investments accounted for using the equity method

	2015 \$'000	2014 \$'000
Non-current assets		
Investments in the ActewAGL Distribution Partnership	895,208	610,138
Total investments	<u>895,208</u>	<u>610,138</u>

8 Current liabilities - Trade and other payables

	2015 \$'000	2014 \$'000
Trade and other payables	13	13
Total trade and other payables	13	13

9 Current liabilities - Dividends Payable

	2015 \$'000	2014 \$'000
Dividend payable to Icon Water	49,026	39,485
Total dividends payable	49,026	39,485

10 Non-current liabilities - Deferred tax balances

	2015 \$'000	2014 \$'000
The balance comprises temporary differences attributable to:		
Distributions from ActewAGL Distribution partnership	33,936	33,517
Adjustment to prior year deferred tax	1,365	2,205
Accruals	(4)	(4)
Asset Revaluation	89,444	17,025
Other	2	2
	124,743	52,745

	2015 \$'000	2014 \$'000
Movements:		
Opening balance	52,745	52,114
Charged/(credited):		
- profit or loss	(421)	631
- directly to equity (b)	72,419	-
	124,743	52,745

Non-current liabilities - deferred tax balances cont

Movements	Distributions from ActewAGL Distribution Partnership \$'000	Adjustment to prior year deferred tax (a) \$'000	Accruals \$'000	Asset Revaluation \$'000	Other \$'000	Total \$'000
At 1 July 2013	33,091	2,000	(4)	17,025	2	52,114
(Credited)						
- profit or loss	426	205	-	-	-	631
At 30 June 2014	33,517	2,205	(4)	17,025	2	52,745

	Distributions from ActewAGL Distribution Partnership \$'000	Adjustment to prior year deferred tax (a) \$'000	Accruals \$'000	Asset Revaluation \$'000	Other \$'000	Total \$'000
At 1 July 2014	33,517	2,205	(4)	17,025	2	52,745
Charged/(Credited)						
- profit or loss	419	(840)	-	-	-	(421)
- directly to equity (b)	-	-	-	72,419	-	72,419
At 30 June 2015	33,936	1,365	(4)	89,444	2	124,743

(a) Adjustment relates to the prior year income tax return reconciliation.

(b) Relates to investment increment in ActewAGL Distribution Partnership's PPE.

11 Non-current liabilities - Other

	2015 \$'000	2014 \$'000
Intercompany loan liability - Icon Water (a)	512,324	477,770
Total other liabilities	512,324	477,770

(a) The loan liability to Icon Water is non-interest bearing, unsecured and is not payable in the normal course of business.

12 Contributed equity

(a) Share capital

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Ordinary shares - fully paid	400,000	400,000	400	400
Total contributed equity	400,000	400,000	400	400

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Group does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Movements in ordinary share capital

There has been no movement in share capital.

13 Reserves

	2015 \$'000	2014 \$'000
Asset revaluation reserve	208,702	39,725
Total reserves	208,702	39,725

(i) Movements in the asset revaluation reserve:

Opening balance	39,725	39,725
Revaluation - net	168,977	-
Balance at end of financial year	208,702	39,725

(ii) Nature and purpose of reserves

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on Icon Distribution's valuation of the ActewAGL Distribution partnership property, plant and equipment.

14 Retained profits

Movements in retained profits were as follows:

	2015 \$'000	2014 \$'000
At the beginning of the financial year	-	-
Net profit for the year	49,026	39,485
Dividends provided for	(49,026)	(39,485)
Retained profits at the end of the financial year	-	-

15 Contingencies

Contingent liabilities

No contingent liabilities are known at the date of this report.

16 Commitments for expenditure

As at 30 June 2015, the Company had not committed to any future capital expenditure (2014 - Nil).

17 Related party transactions

Parent entities

Director disclosures

(a) Directors

The following persons were directors of Icon Distribution during the whole or part of the financial year:

Dr Michael Easson AM, Chairman
John Knox
Wendy Caird
Rachel Peck (commenced 31 July 2014)
Simon Peter Wallace (until 4 July 2014)

Any transactions with directors or in which directors are interested, are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

(b) Remuneration of directors

(i) Directors' fees

No director has been remunerated in respect of Icon Distribution (2014 - Nil).

(ii) Retirement benefits

There were no retirement benefits paid to directors as at 30 June 2015 (2014 - Nil).

(iii) Loans to directors

There were no loans to any directors as at 30 June 2015 (2014 - Nil).

(iv) Shares, units, options and other equity instruments of directors

There have been no directors who have owned shares, units, options and other equity instruments during the financial year with related entities.

(c) Key management personnel remuneration

All remuneration of key management personnel is paid through Icon Water.

(d) Parent entity

The parent entity in the wholly-owned group is Icon Water.

The ultimate parent entity is the ACT Government who own 100% of the shares of Icon Water.

The principal activity of Icon Distribution is to hold a 50% interest in the ActewAGL Distribution Partnership, on behalf of Icon Water.

All transactions with the wholly - owned group are at arm's length.

The following transactions occurred with related parties:

	2015	2014
	\$	\$
Revenue from the ActewAGL Distribution Partnership	68,673,230	57,700,890

The following balances are outstanding at the reporting date in relation to transactions with other related parties:

Dividend payable to Icon Water	49,025,914	39,484,807
Intercompany loan liability - Icon Water	512,323,788	477,769,677

18 Interests in joint ventures

Icon Distribution has entered into a partnership with Jemena Networks (ACT) Pty Ltd to manage the ACT electricity network and the gas network in the ACT, Queanbeyan and Shoalhaven regions.

Icon Distribution has a 50% participating interest in the ActewAGL Distribution Partnership. Information relating to the ActewAGL Distribution partnership, presented in accordance with the accounting policy described in note 1(g) is set out below:

	2015 \$'000	2014 \$'000
Share of ActewAGL Distribution partnership's commitments		
Lease commitments	22,897	34,500
Capital and other commitments	8,922	16,362
Total expenditure commitments	31,819	50,862

A number of bank guarantees have been provided by the partnership for the normal operations of the business.

Each of the partners in the ActewAGL Distribution Partnership are jointly and severally liable for the debts of the partnership. The assets of the partnership exceeded its debts as at 30 June 2015.

(a) Contingent liabilities

Claims

There are a number of public liability insurance claims against the ActewAGL Distribution Partnership at year end. Should the partnerships be proved liable, the partnerships must pay the first \$25,000 of each claim. Icon Distribution's share of this contingent liability is estimated to be \$0 as at 30 June 2015 (2014: \$1,877).

Bank guarantees

The ActewAGL Distribution Partnership has given a number of bank guarantees in respect to:
Security deposits in relation to its leases, Icon Distribution's share amounting to \$2,429,898 (2014: \$2,429,898)

19 Events occurring after the reporting period

No matters of significance have arisen since the end of the financial year.

Icon Retail Investments Limited

ABN 23 074 371 207

General Purpose Financial Report for the year ended 30 June 2015

(previously known as ACTEW Retail Limited)

Icon Retail Investments Limited ABN 23 074 371 207
Financial Report for the year end 30 June 2015

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The financial statements are presented in Australian currency.

The financial statements were authorised for issue by the directors on 26 of August 2015.

Icon Retail Investments Limited (Icon Retail) is a wholly owned subsidiary company of Icon Water Limited (Icon Water). Icon Retail holds a 50% interest in the ActewAGL Retail Partnership and 50% interest in ActewAGL Generation Pty Ltd. Icon Retail is limited by shares and incorporated and domiciled in Australia.

Principal registered office in Australia	Level 5, ActewAGL House 40 Bunda Street CANBERRA ACT 2600 Phone: (02) 6248 3111 Fax: (02) 6248 3567
Principal place of business	Level 5, ActewAGL House 40 Bunda Street CANBERRA ACT 2600 GPO Box 366 CANBERRA ACT 2601
Auditor	ACT Audit Office
Solicitors	King & Wood Mallesons Minter Ellison
Bankers	Commonwealth Bank of Australia
ACN	074 371 207
ABN	23 074 371 207
Website	www.iconwater.com.au

The Directors present their report on the financial report of Icon Retail at the end of, or during, the year ended 30 June 2015.

Directors

The following persons were directors of Icon Retail during or since the end of the financial year:

Dr Michael Easson AM, Chairman
 John Knox
 Wendy Caird
 Rachel Peck (appointed 31 July 2014)
 Simon Peter Wallace (until 4 July 2014)

Company secretary

Michele Norris (until 15 July 2014)
 Craig Richardson
 Jane Breaden (alternative) appointed 29 July 2014

Meetings of directors

The number of Director's meetings held in the year and the number of meetings attended by each Director who held office during the financial year are:

Director	No. of meetings attended	No. of meetings eligible to attend
Dr Michael Easson AM, Chairman	5	5
John Knox	4	5
Wendy Caird	5	5
Rachel Peck	3	4
Simon Peter Wallace	-	1

Principal activities / Review of operations

Since 3 October 2000, Icon Retail has held a 50% interest in the ActewAGL Retail partnership. Therefore its operations and the expected results of those operations are dependent on that of the ActewAGL Retail partnership.

On 5 April 2012, Icon Retail entered into a joint venture with AGL ACT Retail Investments Pty Ltd to form ActewAGL Generation Pty Ltd in order to participate in the ACT Government's Solar Auction process, however, the ActewAGL Generation Pty Ltd entity remains non-operating as at 30 June 2015. Icon Retail holds a 50% interest in the total equity of ActewAGL Generation Pty Ltd.

Significant changes in the state of affairs

On the 28th of October 2014, ACTEW Retail Limited officially changed its name to Icon Retail Investments Limited (Icon Retail). Icon Retail's parent entity, ACTEW Water Corporation limited, also changed its name to Icon Water Limited from this date.

There was no significant change in the nature of the activity of Icon Retail during the year.

Trading results and dividends

A dividend of \$22,261,418 (2014: \$17,748,969) has been declared by the directors to be paid, which is 100% of 30 June 2015 after tax net profit.

Matters subsequent to the end of the financial year

No matters of significance have arisen since the end of the financial year.

Likely developments and expected results of operations

There are no likely developments that will affect the expected results of operations.

Environmental Regulations

Icon Retail had various environmental reporting requirements and obligations in each state and territory that it held a licence. The licences were issued to the ActewAGL Retail Partnership and reporting and compliance obligations are undertaken by the Partnership.

Insurance of officers

Icon Water had in place during the financial year a package of insurance that included insurance for directors and officers of Icon Water, its controlled entities and the ActewAGL Joint Venture.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company, other than where such liabilities arise out of conduct involving wilful breach of duty by the officers or the improper use by the officers of their position. The policy also applies if a claim is made against directors or officers after they have left the service of Icon Water, where the claim was over events that occur during their service at Icon Water.

Indemnity of Officers

Icon Water has indemnified directors and officers of the corporation and wholly owned subsidiary companies against liabilities and legal costs arising in the course of their duties including as a director appointed by Icon Water or by a subsidiary company to Icon Water to serve on the board of a company or partnership that is part owned directly or indirectly by Icon Water or by a subsidiary company of Icon Water, to the extent permitted by the *Corporations Act 2001*. This indemnity is to operate only where and to the extent that the director or officer is unable to require an insurer to meet the damage, liability, cost, loss or expense.

No liability has arisen under these indemnities as at the date of this report.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed for and on behalf of, and in accordance with a resolution of, the board of Directors.

Dr Michael Easson AM
Chairman

Canberra
26 of August 2015

John Knox
Director

Canberra
26 of August 2015

**Icon Retail Investments Limited
Directors' declaration
30 June 2015**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 20 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - ii) giving a true and fair view of Icon Retail's financial position as at 30 June 2015 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



Dr Michael Easson AM
Chairman

Canberra
26 of August 2015



John Knox
Director

Canberra
26 of August 2015

INDEPENDENT AUDIT REPORT
ICON RETAIL INVESTMENTS LIMITED
To the Members of the ACT Legislative Assembly and
Icon Retail Investments Limited

Report on the financial report

The financial report of Icon Retail Investments Limited (the Company) for the year ended 30 June 2015 has been audited. The financial report comprises the statement of profit and loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes and directors' declaration.

Responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements, *Corporations Act 2001* and *Corporations Regulations 2001*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial report.

The auditor's responsibility

Under the *Corporations Act 2001*, I am responsible for expressing an independent audit opinion on the financial report of the Company.

The audit was conducted in accordance with Australian Auditing Standards to obtain reasonable assurance that the financial report is free from material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial report. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial report, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the prudence of decisions made by the Company.

Electronic presentation of the audited financial report

Those viewing an electronic presentation of this financial report should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from this financial report. If users of the financial report are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial report to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2015 and its performance for the year ended on that date; and
- (b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements and *Corporations Regulations 2001*.

The audit opinion should be read in conjunction with other information disclosed in this report.



Dr Maxine Cooper
Auditor-General
31 August 2015

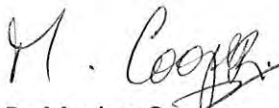
Board of Directors
Icon Retail Investments Limited
ActewAGL House
40 Bunda Street
CANBERRA CITY ACT 2601

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
FINANCIAL REPORT OF ICON RETAIL INVESTMENTS LIMITED
FOR THE YEAR ENDED 30 JUNE 2015**

In relation to the audit of the financial report of Icon Retail Investments Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Yours sincerely



Dr Maxine Cooper
Auditor-General
26 August 2015

Icon Retail Investments Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Share of net profit of the joint venture partnership accounted for using the equity method		31,856	25,332
Other revenue from ActewAGL Retail Partnership		69	69
	2	<u>31,925</u>	<u>25,401</u>
Other expenses arising from ordinary activities		(14)	(18)
Profit before income tax equivalent expense		<u>31,911</u>	<u>25,383</u>
Income tax equivalent expense	4	(9,650)	(7,634)
Profit for the year		<u><u>22,261</u></u>	<u><u>17,749</u></u>
 Total comprehensive income for the year		 <u><u>22,261</u></u>	 <u><u>17,749</u></u>
 Profit is attributable to:			
Owners of Icon Retail Investments Limited		22,261	17,749

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Icon Retail Investments Limited
Statement of financial position
As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Non-current assets			
Receivables	6	6,737	6,737
Investments accounted for using the equity method	7	40,054	39,630
Deferred tax balances	8	3,032	1,915
Total non-current assets		<u>49,823</u>	<u>48,282</u>
Total assets		<u>49,823</u>	<u>48,282</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	13	19
Dividend payable	10	22,261	17,749
Total current liabilities		<u>22,274</u>	<u>17,768</u>
Non-current liabilities			
Other	11	26,549	29,514
Total non-current liabilities		<u>26,549</u>	<u>29,514</u>
Total liabilities		<u>48,823</u>	<u>47,282</u>
Net assets		<u>1,000</u>	<u>1,000</u>
EQUITY			
Contributed equity	12	1,000	1,000
Total equity		<u>1,000</u>	<u>1,000</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Icon Retail Investments Limited
Statement of cash flows
For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Distributions received from the ActewAGL Retail Partnership		31,500	24,500
Payments to suppliers and employees (inclusive of goods and services tax)		(19)	(31)
Net cash inflow from operating activities		<u>31,481</u>	<u>24,469</u>
Net cash inflow from investing activities			
		-	-
Cash flows from financing activities			
Transfer income tax equivalents paid by Icon Water		(10,767)	(7,333)
Payment of dividends to Icon Water	5	(17,749)	(18,335)
Net cash (outflow) from financing activities		<u>(28,516)</u>	<u>(25,668)</u>
Net increase/ (decrease) in cash and cash equivalents		<u>2,965</u>	<u>(1,199)</u>
Financed by:			
Parent company intercompany loan account movements			
Balance at the beginning of the financial year		(29,514)	(28,315)
Balance at the end of the financial year	11	(26,549)	(29,514)
Total movement		<u>2,965</u>	<u>(1,199)</u>

The parent company, Icon Water, handles the cash for this company which is offset by a loan account.

All cash is handled through Icon Water and is reflected in the accounts of that company.

The above statement of cash flows should be read in conjunction with the accompanying notes.

Icon Retail Investments Limited
Statement of changes in equity
For the year ended 30 June 2015

	Notes	Capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2013		1,000	-	1,000
Profit for the year as reported in the 2014 financial statements		-	17,749	17,749
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	5	-	(17,749)	(17,749)
Balance at 30 June 2014		1,000	-	1,000
Balance at 1 July 2014		1,000	-	1,000
Profit for the year as reported in the 2015 financial statements		-	22,261	22,261
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	5	-	(22,261)	(22,261)
Balance at 30 June 2015		1,000	-	1,000

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and other requirements of the law. Icon Retail is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial report of Icon Retail complies with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

These financial statements have been prepared on a historical cost convention, unless otherwise stated in the financial statements.

(iii) New and amended standards adopted by the group

Icon Retail has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
Interpretation 21 Accounting for Levies
AASB 2014-1 Amendments to Australian Accounting Standards.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(iv) New standards and interpretations not yet adopted

Icon Retail has elected not to early adopt any new or amended standards in the current year.

(v) Rounding of amounts

Icon Retail is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998. In accordance with that Class order amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

(b) Significant changes in state of affairs

On the 28th of October 2014, ACTEW Retail Limited officially changed its name to Icon Retail Investments Limited (Icon Retail). Icon Retail's parent entity, ACTEW Corporation Limited, also changed its name to Icon Water Limited from this date.

(c) Income tax equivalents

Icon Retail is exempt from Federal income tax. Icon Water and its controlled entities is required to make an equivalent payment to the ACT Government as required by the *Territory-owned Corporations Act 1990*.

The income tax equivalents expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(c) Income tax equivalents (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses

A tax sharing agreement (including a tax contribution agreement) has been executed by the Head Company, Icon Water with its wholly-owned subsidiaries (including Icon Retail) agreeing that should the Head Company default in not paying the tax liability for a tax period by the time it becomes due and payable, each contributing member will be liable to pay to the Chief Minister, Treasury and Economic Development Directorate (ACT Revenue Office) an amount which represents a reasonable allocation among the Head Company and contributing members. The likelihood of default by the Head Company of tax payments payable to the Chief Minister, Treasury and Economic Development Directorate (ACT Revenue Office) on behalf of its subsidiaries is considered to be remote.

Tax consolidation legislation

Icon Water and its wholly-owned Australian controlled entities have implemented tax consolidation from 1 July 2003. Icon Retail as a subsidiary in the tax consolidation group, continues to account for its own current and deferred tax amounts. The tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

(d) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(e) Revenue recognition

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Joint venture partnership

Icon Retail has assessed its joint arrangements with ActewAGL Retail partnership and ActewAGL Generation Pty Ltd and concluded the arrangements to be joint ventures. The interests in the joint ventures are accounted for using the equity method. Under this method, the share of profit or losses of the partnership or company is recognised as revenue in the statement of comprehensive income, and the share of movement in reserves is recognised in reserves in the balance sheet.

Icon Retail's share in property plant and equipment (PPE) assets of the ActewAGL Retail partnership will be adjusted to fair value to align to Icon Water Group's accounting policy on infrastructure PPE assets accounted for at fair value. This amount has been considered immaterial for 2014-15. Details relating to the partnership and company are set out in Note 17.

(h) Dividends

Icon Retail pays 100% of its profits to Icon Water.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable.

(j) Going concern

The financial report has been prepared on a going concern basis. This contemplates the realisation of assets and settlements of liabilities in the ordinary course of business. Icon Retail is a holding company for Icon Water Limited's investment in ActewAGL Retail Partnership. It has a 100% dividend payment policy to its shareholder.

2 Revenue from continuing operations

	2015	2014
	\$'000	\$'000
Revenue		
Share of net profit of the ActewAGL Retail Partnership accounted for using the equity method	31,856	25,332
Other revenue from ActewAGL Retail Partnership	69	69
Total revenue	31,925	25,401

Icon Retail derives all of its revenue from the ActewAGL Retail Partnership.

3 Expenses

	2015	2014
	\$'000	\$'000
Other expenses arising from ordinary activities	14	18
Total expenses	14	18

4 Income tax equivalents expense

The income tax equivalent, calculated at 30% on operating profit differs from the amount calculated on the profit. The differences are reconciled as follows:

(i) Income tax equivalents expense

	2015	2014
	\$'000	\$'000
Current tax		
Current tax equivalents expense recognised in current year	9,958	7,112
Adjustment to prior year income tax expense (a)	809	739
	10,767	7,851
Deferred tax		
Deferred tax expense recognised in the current year	(384)	501
Deferred tax adjustment for prior periods (a)	(733)	(719)
	(1,117)	(218)
Total income tax equivalents recognised in the current year	9,650	7,634

a) Adjustment relates to the prior year income tax return reconciliation (unders/overs).

4 Income tax equivalents expense (continued)

(ii) Numerical reconciliation of income tax expense to prima facie tax payable

	2015 \$'000	2014 \$'000
Profit from continuing operations before income tax equivalents expense	31,911	25,383
Tax at the Australian tax rate of 30% (2014 - 30%)	9,573	7,615
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Other non-deductible items	18	14
Share of Joint Venture profits and partner share of profits	(17)	(15)
Adjustment to the prior year income tax expense	76	20
Income tax equivalents expense	9,650	7,634

Tax consolidation legislation

Icon Water and its wholly-owned subsidiaries have implemented tax consolidation legislation as of 1 July 2003. The accounting policy note to this legislation is set out in Note 1(c) 'income tax equivalents'.

Icon Water and its subsidiaries have entered into a tax funding agreement under which the wholly-owned entities fully compensate Icon Water for any current tax payable assumed and are compensated by Icon Water for any current tax receivable and deferred tax assets relating to unused tax credits that are transferred to Icon Water under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned companies' financial statements.

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from Icon Water, which is issued as soon as practicable at the end of the financial year. Icon Water may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current inter-company loan receivable or payable.

5 Dividends

	2015 \$'000	2014 \$'000
Balance at the beginning of the financial year	17,749	17,835
Amount appropriated from operating profit for the year	22,261	17,749
	40,010	35,584
Amount paid during the year	(17,749)	(17,835)
Balance at the end of the financial year	22,261	17,749

6 Non-current assets - Receivables

	2015 \$'000	2014 \$'000
Receivables from Icon Water for tax losses	6,737	6,737
Total receivables	6,737	6,737

7 Non-current assets - Investments accounted for using the equity method

	2015 \$'000	2014 \$'000
Investments in the ActewAGL Retail Partnership and ActewAGL Generation Pty Ltd (Refer to Note 17)	40,054	39,630
Total investment	40,054	39,630

8 Non-current assets - Deferred tax balances

	2015 \$'000	2014 \$'000
Notes	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Distributions from ActewAGL Partnerships	7,040	6,657
Adjustment to prior year tax	(4,008)	(4,742)
Accrual	3	3
Other	(3)	(3)
	3,032	1,915
Movements:		
Opening balance	1,915	1,698
Charged/(credited) - to profit or loss	1,117	217
Balance at year end	3,032	1,915

	Distributions from ActewAGL Retail Partnership \$'000	Adjustment to prior year deferred tax (a) \$'000	Accrual \$'000	Other \$'000	Total \$'000
Temporary Differences					
At 1 July 2013	7,159	(5,461)	3	(3)	1,698
Charged/(credited) - to profit or loss	(502)	719	-	-	217
At 30 June 2014	6,657	(4,742)	3	(3)	1,915

	Distributions from ActewAGL Retail Partnership \$'000	Adjustment to prior year deferred tax \$'000	Accrual \$'000	Other \$'000	Total \$'000
At 1 July 2014	6,657	(4,742)	3	(3)	1,915
Charged/(credited) - to profit or loss	383	734	-	-	1,117
At 30 June 2015	7,040	(4,008)	3	(3)	3,032

(a) Adjustment relates to the prior year income tax return reconciliation (unders/overs).

9 Current liabilities - Trade and other payables

	2015 \$'000	2014 \$'000
Trade and other payables	13	19

10 Current liabilities - Dividends payable

	2015 \$'000	2014 \$'000
Dividends paid or provided for	22,261	17,749
Total dividends payable	22,261	17,749

11 Non-current liabilities - Other

	2015 \$'000	2014 \$'000
Intercompany Loan Liability - Icon Water (a)	26,549	29,514
Total Other	26,549	29,514

a) The intercompany loan liability from Icon Water is non-interest bearing, unsecured and is not payable in the normal course of business.

12 Contributed Equity

(a) Share capital

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Ordinary shares - fully paid	1,005	1,005	1,000	1,000
Total contributed equity	1,005	1,005	1,000	1,000

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Movements in ordinary share capital

There has been no movement in share capital.

13 Retained profits

	2015 \$'000	2014 \$'000
Net profit for the year	22,261	17,749
Dividends paid or provided for	(22,261)	(17,749)
Retained profit at the end of the year	-	-

14 Contingencies

No contingent liabilities are known to the directors at the date of this report.

15 Commitments for expenditure

As at 30 June 2015, Icon Retail had not committed to any future capital expenditure (2014 - Nil).

16 Related party transactions

(a) Directors and Director Related Entities

The following persons were directors of Icon Retail during or since the end of the financial year:

Dr Michael Easson AM, Chairman
John Knox
Wendy Caird
Rachel Peck (commenced 31 July 2014)
Simon Peter Wallace (until 4 July 2014)

Any transactions with directors or in which directors are interested, are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

(b) Remuneration of directors

(i) Directors' remuneration

No director has been remunerated in respect of Icon Retail (2014 - Nil).

(ii) Retirement benefits

There were no retirement benefits paid to directors as at 30 June 2015 (2014 - Nil).

(iii) Loans to directors

There were no loans to any directors as at 30 June 2015 (2014 - Nil).

(iv) Shares, units, options and other equity instruments of directors

There have been no directors who have owned shares, units, options and other equity instruments during the financial year with related entities.

(c) Key management personnel remuneration

All remuneration of key management personnel is paid through Icon Water.

(d) Parent entity

The parent entity in the wholly-owned group is Icon Water.

The ultimate parent entity is the ACT Government who owns 100% of the shares of Icon Water.

The principal activity of Icon Retail is to hold a 50% interest in the ActewAGL Retail partnership, on behalf of Icon Water.

On 5 April 2012, Icon Retail entered into a joint venture with AGL ACT Retail Investments Pty Ltd to form ActewAGL Generation Pty Ltd in order to participate in the ACT Government's Solar Auction process, however, the ActewAGL Generation Pty Ltd entity remains non-operating as at 30 June 2015. Icon Retail holds a 50% interest in the total equity of ActewAGL Generation Pty Ltd.

All transactions between the wholly-owned group are at arm's length.

The following transaction occurred with related parties:

Icon Retail Investments Limited
Notes to the financial statements
30 June 2015
(continued)

	Notes	2015 \$	2014 \$
Revenue from the ActewAGL Retail Partnership	2	31,924,550	25,401,000
The following balances are outstanding at the reporting date in relation to transactions with other related parties:			
Receivables from Icon Water		6,736,996	8,457,990
Dividend payable to Icon Water		22,261,418	17,748,969
Intercompany loan liability - Icon Water		22,549,141	29,513,595

17 Interests in joint ventures

Icon Retail has entered into a partnership with AGL ACT Retail Investments Pty Ltd to sell electricity and gas to its retail and commercial customers in the ACT and surrounding regions (including Goulburn, Boorowa, Yass, Young and Shoalhaven).

Icon Retail has a 50% participating interest in the ActewAGL Retail Partnership. Information relating to the ActewAGL Retail partnership, presented in accordance with the accounting policy described in note 1(g) is set out below:

	2015 \$'000	2014 \$'000
Share of the ActewAGL Retail Partnership commitments		
Lease commitments	6,747	7,179
Total expenditure commitments	6,747	7,179

In April 2012, Icon Retail entered into a joint venture with AGL ACT Retail Investments Pty Ltd to form ActewAGL Generation Pty Ltd in order to participate in the ACT Government's Solar Auction process.

Icon Retail has 50% ownership in ActewAGL Generation Pty Ltd. As at 30 June 2015, there have been no transactions within ActewAGL Generation Pty Ltd. (2014: nil)

Each of the partners in the ActewAGL Retail Partnership are jointly and severally liable for the debts of the Partnership. The assets of the Partnership exceeded its debts as at 30 June 2015.

18 Events occurring after the reporting period

No matters of significance have arisen since the end of the financial year.

**ActewAGL Joint Venture
Summary financial report
for the year ended 30 June 2015**

ActewAGL Joint Venture Summary financial report - 30 June 2015

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Introduction to the summary financial report

Profit

Profit for the year ended 30 June 2015 was \$201 million, compared to the prior year's profit of \$166 million. This increase is due to an increase in volumes and a reduction in operating expenses.

Total operating revenue from continuing operations for the year ended 30 June 2015 was \$858 million compared to \$828 million in the prior year. The increase in revenue is primarily due to increased volumes and transmission revenue in the energy network business and fees received for managed services.

Total expenses from continuing operations for the year ended 30 June 2015 was \$657 million compared to \$662 million in the prior year. This decrease is primarily attributed to a decrease in the cost of sales predominantly due to the repeal of the Carbon Pricing Mechanism and reduced project expenditure related to the upgrade of ActewAGL's operational and information technology platforms. This is offset by an increase in restructuring costs for the electricity networks business arising from the Australian Energy Regulator's electricity network determination.

Cash flow

The Joint Venture generated \$246 million from its operating activities for the year ended 30 June 2015 compared to \$219 million in the prior year.

Net cash outflows from investing activities were \$110 million for the current year, compared to \$135 million for the prior year. The decrease in cash outflows is mainly driven by a reduction in expenditure on capital projects.

Cash surplus to the Joint Venture's operational requirements is returned to the Partners in the form of cash distributions. In the current financial year, \$113 million was distributed to ActewAGL's Partners; \$9 million higher than the \$104 million in the prior year.

Financial position

As at 30 June 2015, the Joint Venture had net assets of \$1,276 million compared to \$1,188 million in the prior year. The increase is mainly due to the increase in working capital and capital investment in the energy network business. Cash available as at 30 June 2015 was \$59 million, \$22 million higher than prior year primarily due to funds required to meet restructuring obligations and working capital requirements. Current assets were \$264 million compared to \$235 million in the prior year. Current liabilities were \$192 million compared to \$184 million at the same time last year. The Joint Venture does not have any borrowings other than finance leases.

The carrying value of property, plant and equipment of \$1,158 million, compared to \$1,122 million as at 30 June 2014, the increase is primarily due to capital expenditure in the energy network business.

Partners' return

The return on funds employed for the current financial year on the profit was 16% compared to 14% in the prior year.

The summarised financial report is consistent with the special purpose financial report from which it is derived.

ActewAGL Joint Venture
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	30 June 2015 \$'000	30 June 2014 \$'000
Revenue from continuing operations	<u>858,212</u>	827,814
Total income	<u>858,212</u>	827,814
Energy purchases	(402,997)	(430,022)
Employment costs	(119,147)	(109,780)
Depreciation and amortisation expense	(44,422)	(41,812)
Contract expenses	(46,239)	(30,924)
Lease expenses	(10,421)	(12,329)
Material costs	(4,160)	(4,061)
Finance costs	(2,261)	(2,330)
Project related expenses	(4,735)	(9,476)
Selling expenses	(14,380)	(14,428)
Other expenses	(8,398)	(6,708)
Total expenses	<u>(657,160)</u>	(661,870)
Profit for the year from continuing operations	201,052	165,944
Profit for the year from discontinued operations	-	121
Profit for the year	<u>201,052</u>	166,065
Other comprehensive income for the year	<u>-</u>	-
Total comprehensive income for the year	<u>201,052</u>	166,065
Profit for the year is attributable to:		
Partners of the ActewAGL Joint Venture	201,052	166,065
	<u>201,052</u>	<u>166,065</u>
Total comprehensive income for the year is attributable to:		
Partners of the ActewAGL Joint Venture	201,052	166,065
	<u>201,052</u>	<u>166,065</u>
Total comprehensive income for the year attributable to Partners of the ActewAGL Joint Venture arises from:		
Continuing operations	201,052	165,944
Discontinued operations	-	121
	<u>201,052</u>	<u>166,065</u>

ActewAGL Joint Venture
Statement of financial position
As at 30 June 2015

	30 June 2015 \$'000	30 June 2014 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	58,802	36,743
Trade and other receivables	191,808	185,481
Inventories	8,550	9,770
Other current assets	5,063	2,842
Total current assets	264,223	234,836
Non-current assets		
Receivables	1,017	954
Property, plant and equipment	1,157,582	1,121,913
Intangible assets	67,874	33,345
Total non-current assets	1,226,473	1,156,212
Total assets	1,490,696	1,391,048
LIABILITIES		
Current liabilities		
Trade and other payables	120,737	126,719
Provisions	36,703	28,158
Other current liabilities	34,701	29,400
Total current liabilities	192,141	184,277
Non-current liabilities		
Provisions	6,097	6,913
Other non-current liabilities	16,438	11,890
Total non-current liabilities	22,535	18,803
Total liabilities	214,676	203,080
Net assets	1,276,020	1,187,968
JOINT VENTURE FUNDS		
Joint venture funds	1,276,020	1,187,968
Total joint venture funds	1,276,020	1,187,968

**ActewAGL Joint Venture
Statement of changes in joint venture funds
For the year ended 30 June 2015**

	Total joint venture funds \$'000
Balance at 1 July 2013	<u>1,125,903</u>
Profit for the year	166,065
Other comprehensive income for the year	-
Total comprehensive income for the year	<u>166,065</u>
Transactions with Partners in their capacity as Partners:	
Distributions paid	(104,000)
Balance at 30 June 2014	<u>1,187,968</u>
	Total joint venture funds \$'000
Balance at 1 July 2014	<u>1,187,968</u>
Profit for the year	201,052
Other comprehensive income for the year	-
Total comprehensive income for the year	<u>201,052</u>
Transactions with Partners in their capacity as Partners:	
Distributions paid	(113,000)
Balance at 30 June 2015	<u>1,276,020</u>

ActewAGL Joint Venture
Statement of cash flows
For the year ended 30 June 2015

	30 June 2015 \$'000	30 June 2014 \$'000
Cash flows from operating activities		
Receipts from customers	966,970	933,503
Payments to suppliers and employees	<u>(722,641)</u>	<u>(717,069)</u>
	244,329	216,434
Interest received	1,953	2,622
Interest and other costs of finance paid	<u>(365)</u>	<u>(305)</u>
Net cash flow generated by operating activities	<u>245,917</u>	<u>218,751</u>
Cash flows from investing activities		
Payments for property, plant and equipment and intangibles	(109,787)	(134,851)
Proceeds from sale of property, plant and equipment	<u>58</u>	<u>128</u>
Net cash used in investing activities	<u>(109,729)</u>	<u>(134,723)</u>
Cash flows from financing activities		
Distributions paid	(113,000)	(104,000)
Repayment of borrowings	<u>(1,129)</u>	<u>(823)</u>
Net cash used in financing activities	<u>(114,129)</u>	<u>(104,823)</u>
Net increase / (decrease) in cash and cash equivalents	22,059	(20,795)
Cash and cash equivalents at the beginning of the year	<u>36,743</u>	<u>57,538</u>
Cash and cash equivalents at the end of the year	<u>58,802</u>	<u>36,743</u>

**ActewAGL Joint Venture
Joint Venture Board's Declaration
For the year ended 30 June 2015**

The ActewAGL Joint Venture is not a reporting entity because in the opinion of the board members there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the board's reporting requirements under the *ACTEW/AGL Partnership Facilitation Act 2000*.

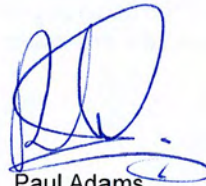
The board members further declare that:

- (a) the financial statements and notes of the ActewAGL Joint Venture set out on pages 2 to 6:
 - (i) comply with applicable Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Joint Venture's financial position as at 30 June 2015 and of its performance, as represented by the results of its operations and cashflows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Joint Venture will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Joint Venture Board.



Michael Easson
Chairman
Canberra
25 August 2015



Paul Adams
Deputy Chairman
Canberra
25 August 2015

INDEPENDENT AUDIT REPORT

To the Partners of the ActewAGL Joint Venture

Report on the summary financial report

The summary financial report (financial report) of the ActewAGL Joint Venture has been audited. The financial report comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in joint venture funds, statement of cash flows and Joint Venture Board's (the Board's) declaration. The financial report has been derived from the audited special purpose financial report of the ActewAGL Joint Venture (the Joint Venture) for the year ended 30 June 2015.

On 31 August 2015, I issued an unmodified audit report on the special purpose financial report of the Joint Venture for the year ended 30 June 2015.

The financial report does not contain all disclosures required by the *ACTEW/AGL Partnership Facilitation Act 2000*, or as may be considered necessary to meet the needs of the Partners of the Joint Venture. Reading the financial report is, therefore, not a substitute for reading the audited special purpose financial report of the ActewAGL Joint Venture.

Responsibility for the financial report

The Board of the Joint Venture is responsible for the preparation of the financial report.

Auditor's responsibility

Under the *ACTEW/AGL Partnership Facilitation Act 2000*, I am responsible for expressing an audit opinion on the financial report. I formed the audit opinion following the use of audit procedures conducted in accordance with Australian Auditing Standard ASA 810: 'Engagements to Report on Summary Financial Statements'.

Electronic presentation of the financial report

Those viewing an electronic presentation of this financial report should note that the audit does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from this financial report. If users of the financial report are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial report to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial report, derived from the audited special purpose financial report of the ActewAGL Joint Venture for the year ended 30 June 2015, is materially consistent with the special purpose financial report.



Dr Maxine Cooper
Auditor-General
31 August 2015

Board of Directors
ActewAGL Joint Venture
GPO Box 366
CANBERRA CITY ACT 2601

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
SUMMARY FINANCIAL REPORT OF THE ACTEWAGL JOINT VENTURE
FOR THE YEAR ENDED 30 JUNE 2015**

In relation to the audit of the summary financial report of the ActewAGL Joint Venture for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the code of professional conduct.

Yours sincerely



Dr Maxine Cooper
Auditor-General
25 August 2015

Compliance index

Compliance statement

The Icon Water Limited (Icon Water) Annual Report must comply with the 2015 Annual Report Directions (the Directions). The Directions can be found at <http://www.legislation.act.gov.au/ni/annual/2015.asp>.

This Compliance statement indicates the subsections, under the five parts of the Directions, that are applicable to Icon Water and the location of the information that satisfies these requirements.

Part 1 Directions Overview

The requirements under Part 1 of the 2015 Directions relate to the purpose, timing and distribution, and records keeping of annual reports. The Icon Water Annual Report complies with all subsections of Part 1 under the Directions.

In compliance with section 13 Feedback, Part 1 of the Directions, contact details for Icon Water are provided within this Annual Report to give readers the opportunity to provide feedback.

Part 2 Agency Annual Report Requirements

The requirement within Part 2 of the Directions are mandatory for all agencies and Icon Water complies with all subsections. The information that satisfies the requirements of Part 2 is found in the Icon Water Annual Report as per the Compliance Index table on the next page.

Part 3 Reporting by Exception

Icon Water, as a territory owned corporation, has nil information to report by exception under Part 3 of the Directions for the 2014–15 reporting period in relation to:

- D1 – Dangerous Substances
- D2 – Medicines, Poisons and Therapeutic Goods

Part 4 Agency Specific Annual Report Requirements

The following subsections of Part 4 of the 2015 Directions are not applicable to Icon Water and are disclosed in the Omissions Report:

- Part E – Education and Training
- Part F – Health
- Part G – Gambling and Racing
- Part H – Ministerial and Director-General Directions
- Part I – Public Land Management Plans
- Part J – Third Party Insurance
- Part K – Victims of Crime
- Part L – Waste Minimisation Contraventions

Part 5 – Whole of Government Annual Reporting

As a territory owned corporation, Icon Water does not participate in whole of government annual reporting. However, as per Part 5 of the Directions, Icon Water must comply with the Part 5 reporting requirements within its own agency report. The information that satisfies the requirements of Part 5 is found in the Icon Water Annual Report as per the Compliance Index table on the next page.

Compliance index

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ASSET MANAGEMENT	C4	N/A
GOVERNMENT CONTRACTING	C5	N/A
STATEMENT OF PERFORMANCE	C6	N/A

Omissions report

As a public unlisted company Icon Water is not required to comply with a number of ACT Government reporting requirements which are applicable to public sector entities. These are outlined below.

Reporting Requirement	Reason/s for Omissions
B.8 Human/Resource Management	<i>Government Policy – not applicable to Icon Water</i>
C.3 Capital Works	<i>Government policy - not applicable to Icon Water. Details of Icon Water's major capital works in 2014–15 are detailed in Highlights on page 12.</i>
C.4 Asset Management	<i>Government policy - not applicable to Icon Water. Details of Icon Water's Asset Management Strategy are detailed in Highlights on page 10.</i>
C.5 Government Contracting	<i>Government policy - not applicable to Icon Water</i>
C.6 Statement of Performance	<i>Not applicable to Icon Water</i>
D.1 Dangerous Substances	<i>Not applicable to Territory owned corporations</i>
D.2 Medicines, Poisons and Therapeutic goods	<i>Not applicable to Territory owned corporations</i>
E.1 Investigations of Complaints	<i>Not applicable to Icon Water</i>
E.2 Teacher Quality Institute	<i>Not applicable to Icon Water</i>
F.1 Mental Health	<i>Not applicable to Icon Water</i>
F.2 Tobacco Compliance Testing	<i>Not applicable to Icon Water</i>
Part G – Gambling and Racing	<i>Not applicable to Icon Water</i>
Part H – Ministerial & Director-General Directions	<i>Not applicable to Icon Water</i>
Part I – Public Land Management Plans	<i>Not applicable to Icon Water</i>
Part J – Third Party Insurance	<i>Not applicable to Icon Water</i>
Part K – Victims of Crime	<i>Not applicable to Icon Water</i>
Part L – Waste Minimisation Contraventions	<i>Not applicable to Icon Water</i>

Glossary of acronyms

ACCU	Australian Carbon Credit Units
ARMC	Audit and Risk Management Committee
BOP	Bushfire Operational Plan
BWA	Bulk Water Alliance
ECD	Enlarged Cotter Dam
EMP	Environmental Management Plan
EMS	Environmental Management System
EPA	Environment Protection Authority
FTE	Full Time Equivalent
GL	Gigalitres
ICRC	Independent Competition and Regulatory Commission
ICT	Information and Communication Technology
IDIL	Icon Distribution Investments Limited
IMS	Integrated Management System
IRIL	Icon Retail Investments Limited
ISCA	Infrastructure Sustainability Council of Australia
LMWQCC	Lower Molonglo Water Quality Control Centre
LOTO	Lock Out Tag Out
M2G	Murrumbidgee to Googong
ML	Megalitres
NCWRS	North Canberra Water Reuse Scheme
PAH	Polycyclic Aromatic Hydrocarbons
PID	Public Interest Disclosure
R&D	Research and Development
SCADA	Supervisory Control and Data Acquisition System
SCI	Statement of Corporate Intent
SEC	Safety and Environment Committee
SMS	Safety Management System
SPMO	Strategic Project Management Office
SWPP	Source Water Protection Program
TOC	Territory owned Corporation
TRO	Territory Records Office

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