



Icon Water Limited

Annual report to the ACT Government 2015–16



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Bankers

Commonwealth Bank of Australia

TTY for Hearing Impaired

133 677

Language assistance

13 14 50, 24 hours

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

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Requests and enquiries concerning reproduction rights or any feedback on this annual report should be directed to the Manager Customer and Community Affairs, Icon Water Limited, GPO Box 366, Canberra ACT 2601.

Information about Icon Water and an electronic version of this annual report can be found on the Icon Water website iconwater.com.au



7 September 2016

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 (Icon Water) 2015–16 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 Icon Water for the period 1 July 2015 to 30 June 2016 and all material information has been included.

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

Dr Michael Easson AM
Chair

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

John Knox
Managing Director

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Message from the Board

In 2015–16, Icon Water has continued to provide high quality water and wastewater services in accordance with community and shareholder expectations. Recent market research shows that overall customer satisfaction with our water quality remains high at 95%. Our core values of *Safety*, *Excellence* and *Openness* have continued to drive our decision making and the interactions we have with our colleagues and the wider community.

Financial

Icon Water achieved strong financial results for the year with profit after tax of \$122.3m. Our 50% ownership of the ActewAGL joint venture continued to be a strong commercial investment with Icon Water receiving \$68.5m in cash distributions from ActewAGL during the year. Dividends paid to our Shareholders totalled \$84.2m as well as income tax equivalent payments totalling \$50.4m. For 2015–16, the Voting Shareholders agreed to provide a one-off reduced dividend payout ratio of 65 percent, as a form of debt relief.

Icon Water continued to invest in renewing its asset base to ensure service standards are maintained over the long term, which was a significant component of the \$85.2m capital expenditure program.

Business transformation

Significant work has been completed over the past two years to establish an organisational structure that ensures our future long term capability and our ability to provide quality services for our customers at a sustainable price. We have commenced a business-wide transformation program with a focus on the areas of people, process and technology. The aim of the program is to ensure our workforce is comprised of *people* who are highly competent; we use best practice *processes* tailored to our operating environment; and our people are supported by *technology* that enables timely and informed decision making.

People and safety

Major reviews of both the Icon Water People Strategy and Work Health and Safety Strategy (WHSS) were undertaken during the year. As part of the People Strategy, work is underway in the key areas of diversity and inclusion, leadership, performance and development, and planning and analysing talent.

Two key projects commenced during the year to start the delivery of the new WHSS. These projects included a mental health initiative and the development of a safety engagement program which will be rolled out in 2016–17. We made significant progress in reducing incidents and serious injuries with a 55% reduction in the Serious Injury Frequency Rate over the year and a 47% decrease in the number of medical treatment injuries. No serious injuries (more than five days off work) were reported in the last seven months of the financial year. These results demonstrate that our incident reporting, investigations and early intervention strategies are leading to positive outcomes.

Customer engagement

We launched the *Talking Icon Water* stakeholder engagement program in May 2016. We will engage with customers through a range of initiatives including a Community Consultative Forum, our Think Tank and customer surveys. This will be an ongoing consultation program that promotes two way engagement on issues such as pricing and long-term delivery of our services for the region. This engagement will be invaluable to our business and the community.

We also continued to support the Canberra community by providing approximately \$0.5m in funding through donations to organisations that support those in need and sponsorship of community events.

Environment and sustainability

During the year, Icon Water engaged with the ACT Government and surrounding NSW local government on catchment management issues. We contributed to the development of the ACT and Region Catchment Strategy, to drive more holistic and sustainable water resource management outcomes.

Icon Water was highly commended for its organisational leadership in sustainability in the Infrastructure Sustainability Council of Australia awards program in October 2015.

Water security

Icon Water is committed to providing a safe, secure and sustainable water supply for the ACT and region. We are planning for the future to respond to changes in climate, development, technology and population.

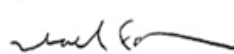
The Cotter Dam reached 75GL at the end of June, approximately 20 times its previous 4GL storage capacity. Canberra's water storage is healthy and brimming, with more water stored in the Cotter catchment than ever before. This outcome was enabled by the significant investment made over the last decade to ensure Canberra's long term water security.

Board appointments

During the year, the Voting Shareholders re-appointed Dr Allan Hawke and Ms Carol Lilley as non-executive Board Directors. The Board also welcomed the appointment of Dr Thomas Parry AM in late 2015.

Dr Parry has extensive regulatory and financial experience and substantial exposure to the water and energy industries. These appointments provide considerable depth and expertise on the Board.

The Board wishes to thank the executive, leadership group and all staff for their commitment and contribution during 2015–16. We look forward to working with the Icon Water team in continuing their invaluable work in serving the Canberra community in 2016–17.



Dr Michael Easson AM
Chair



John Knox
Managing Director



Section 1
Organisation overview

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.

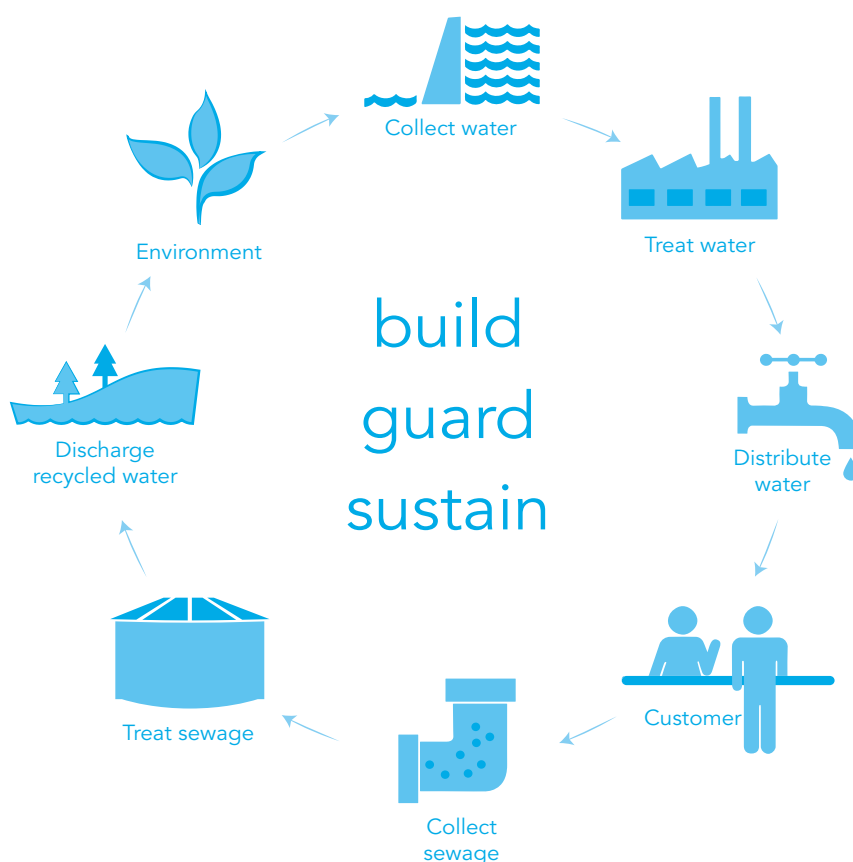
As a territory-owned corporation, Icon Water has four equally important main objectives under the *Territory-owned Corporations Act 1990*:

- 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 deliver safe drinking water and reliable sewerage services to the ACT community and are a supplier of bulk water to Queanbeyan. 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.

Further information about our energy investment can be found on page 10.



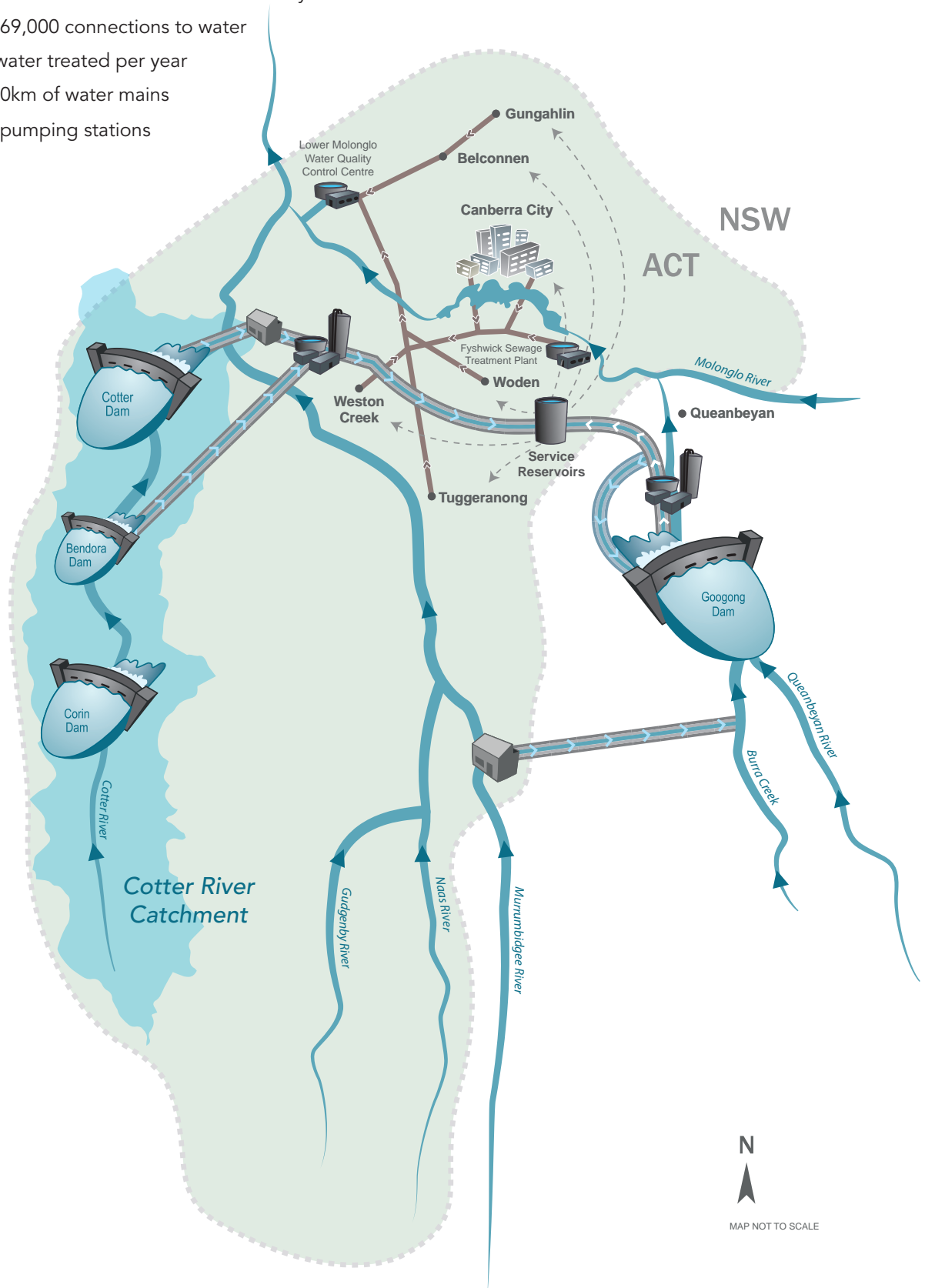
Our water and sewerage network

Our water network

- Total accessible dam capacity 277.8GL
- 2 water treatment plants at Mount Stromlo and Googong
- Average of 137ML of treated water each day
- Approx 169,000 connections to water
- 50GL of water treated per year
- Over 3300km of water mains
- 25 water pumping stations

Our sewer network

- Approx 168,000 connections to sewerage services
- Over 3200km of sewerage pipes
- 26 sewer pumping stations



Statement of Corporate Intent 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 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** – building strong relationships by acting with integrity while being receptive to the views of others

Strategic goal

The premier, most trusted water utility

Strategic objectives: 2015–16

- **People** – A culture that protects, engages and develops our people
- **Asset Management** – Excellence in asset management
- **Brand** – A trusted brand
- **Financial** – Sustainable financial returns and reduced gearing

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). Icon Water undertakes strategic planning activities on an annual basis to consider strategic challenges and emerging trends in relation to its energy investment.

ActewAGL comprises two partnerships:

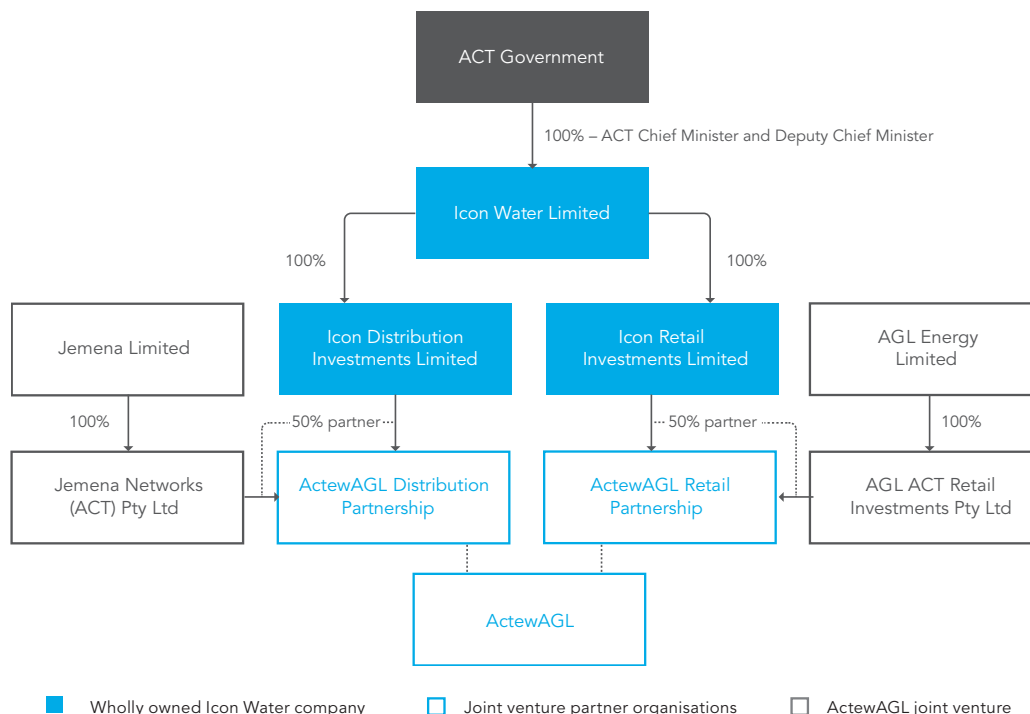
- ActewAGL Distribution (a partnership between IDIL and Jemena Networks (ACT) Pty Limited) which owns and operates the electricity and gas distribution networks in the ACT and in certain adjacent regional centres
- ActewAGL Retail (a partnership between IRIL and AGL ACT Retail Investments Pty Limited)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

Members of the ActewAGL Partnerships Board at 30 June 2016 were:

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

Details of ActewAGL's 2015–16 financial performance can be found in the Annexed reports section. More information on ActewAGL can be found at www.actewagl.com.au.

ActewAGL Joint Venture structure



Outlook (2016–17)

Icon Water's Statement of Corporate Intent 2016–17 to 2019–20 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 quality of life

Core values



Strategic goal

The premier, most trusted water utility

Strategic objectives 2016–17



Key priorities: 2016–17

Icon Water will achieve its strategic objectives through four strategies. Key priorities in 2016–17 will include:

- **People strategy** – implementation of the *Work Health and Safety Strategy 2016–17 to 2018–19* and the *People Strategy 2016–17*.
- **Asset management strategy** – continuing to implement the Enterprise Asset Management Strategy. This includes further refinement of the asset management processes, a new operational technology platform and replacement of end of life information systems.
- **Customer strategy** – implementation of the *Customer Management Strategy 2016–17 to 2018–19*, launching the customer engagement program and commencing the customer CARE program.
- **Financial strategy** – continuing to improve operational efficiencies, developing a robust regulatory submission for the next regulatory period starting 1 July 2018 and actively managing the energy investment.



Section 2 People and performance

Board and executive

Members of the Icon Water Board

At 30 June 2016, the Board comprised eight Directors: seven non-Executive Directors and one Executive Director. The Board met eight times during the financial year (including the annual general meeting). Details of attendance at Board and Committee meetings are on page 5 in the Financial Reports. Directors' profiles are outlined below:

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

Dr Michael Easson has been a Director of Icon Water since 1995 and Deputy Chair from May 1996.

Dr Easson was Acting Chair of the Icon Water Board from 1 July 2013 and was appointed as Chair in March 2014. He is also Chair of Icon Distribution Investments Limited and Icon Retail Investments Limited, Chair of the ActewAGL Partnerships Board and Chair of the Icon Water Board's Remuneration Committee.

He has served on some of Australia's largest infrastructure and property boards and is presently Chair of EG Funds Management with \$2.4b in assets under management and an Executive Director of the building technology and documentation business, Ridley & Co. Dr Easson is currently the Chair of the Association of Superannuation Funds of Australia (ASFA) and Chair of ASFA's Policy Committee.

He has a PhD from the University of Melbourne, another 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 the Deputy Chair of Icon Distribution Investments Limited and Icon Retail Investments Limited and a Member of the ActewAGL Partnerships Board. She is also the Deputy Chair of Icon Water's Remuneration Committee and Chair of ActewAGL's Safety and Risk Committee.

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 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**

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 and a Member of Icon Water's Remuneration Committee. He is a Member of the ActewAGL Partnerships Board, the Water Services Association of Australia Board and the ACT and Region Catchment Management Coordination Group.

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 Risk and Assurance Committee and Remuneration Committee.

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 a Director of Datacom, non-Executive Director of Lockheed Martin Australia, Chair of the Canberra Raiders Board, President of Barnardos Canberra, Member of the CEDA Board of Governors and Patron of ACT Cricket.

Dr Hawke holds a Bachelor of Science degree with first class honours and is a Doctor of Philosophy (ANU).

He 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 Risk and Assurance Committee and Remuneration Committee. She is also a Member of the Icon Distribution Investments Board and Icon Retail Investments Limited Board.

She is Principal of peckvonhartel. Ms Peck is Deputy Chair for the Australian Tapestry Workshop and a Member of the Australian Futures Project Advisory Board. 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 Fellow of the Australian Institute of Company Directors.

Jennifer Goddard, Director
BCom (Hons)

Jennifer Goddard was appointed to the Icon Water Board in November 2011 and is a Member of the Icon Water Board's Risk and Assurance Committee and Remuneration Committee.

Ms Goddard is an independent non-Executive Director who has served on the boards of several Commonwealth and ACT Government organisations. She is currently a Member of the Audit Committee of the Murray-Darling Basin Authority.

During her prior twenty-five 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 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 Federal Budget, Council of Australian Governments and Cabinet processes.

Carol Lilley, Director
BCom, FCA, CIA, CGAP, GAICD

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

Ms Lilley is a full time independent Board Director and Audit Committee Member. She 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.

Ms Lilley is currently Chair or Deputy Chair of several ACT Government Directorate Audit Committees (Chief Minister, Treasury & Economic Development; Education; Environment and Planning) as well as Chair of the Independent Oversight Group for the Schools for All Program. She also has various governance roles for Commonwealth Government entities (Member of Department of Immigration & Border Protection's Audit Committee; Chair of National Film & Sound Archives' Audit Committee, independent management assurer for Department of Finance's whole of government accounts, independent Board Member for Australian Financial Security Authority), 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.

Dr Thomas Parry AM, Director
PhD, MEc, BEc (Hons)

Dr Parry was first appointed to the Icon Water Board in November 2015 and is a Member of the Icon Water Board's Remuneration Committee.

Dr Parry was Foundation Chair of the Australian Energy Market Operator (2008–2015), is the former Chair of First State Super Trustee Corporation (2000–2014) and former Chair of the Sydney Water Corporation (2006–2013).

From 2004–2009 he had several roles with Macquarie Bank and for the previous 12 years he was the Foundation Executive Chair of the Independent Pricing and Regulatory Tribunal of NSW (IPART), and its predecessor the Government Pricing Tribunal - the first utility regulator in Australia. He has been the Head of the School of Economics, University of New South Wales and Dean, Faculty of Commerce, University of Wollongong.

Dr Parry is currently a Director of ASX-Compliance (the regulatory arm of the Australian Securities Exchange), a Director of Powerco New Zealand and a Director of the Brisbane Airport Corporation.

Dr Parry has extensive experience in corporate governance in the private and government sectors, regulatory and financial experience and substantial exposure to the water and energy industries.

Dr Parry has a Bachelor of Economics (Hons) and Masters of Economics from the University of Sydney and a PhD from the University of London (London School of Economics).

Dr Parry was awarded an Order of Australia (AM) in 2008.

Executives

John Knox, Managing Director BFA, FCPA, MAICD

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 and a Member of Icon Water's Remuneration Committee. He is a Member of the ActewAGL Partnerships Board, the Water Services Association of Australia Board and the ACT and Region Catchment Management Coordination Group.

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 19 years' experience in maintenance, operations and the delivery of capital projects in the water, mining, military and energy sectors. She is currently a Member of the Water Services Association of Australia's Asset Management Committee. 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 19 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).

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 over 20 years' accounting and commercial experience in the water and energy sectors and holds a Master of Applied Finance and Bachelor of Accountancy. He is currently a Member of the Water Services Association of Australia's Customer and Industry Leadership Committee. He is a Fellow of CPA Australia and a Graduate of the Institute of Company Directors.

Jane Breden, General Manager **Business Services** MSc, MMgtSt, BBus

Jane Breden is responsible for a range of services which support Icon Water business units and key stakeholders including Shareholders, Board and customers. Ms Breden joined the business in 2014 and has over 20 years' experience in project management, consulting and governance services in the public and private sectors. She holds a Master of Science (Operations Research and Statistics), Master of Management Studies in Project Management, Bachelor of Business, a Graduate Certificate of Performance Audit and a Graduate Certificate of Professional Writing.

Richard Spurrett, General Manager **Strategic Projects & Technology** BSc, BEng, GDApFin

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 and Executive Remuneration table 2015–16

Name and Position	Short-term employee benefits \$		Superannuation \$	Long-term employee benefits – long service leave \$ (note 2)	Termination benefits \$	Total \$
	Salary, fees and short-term compensated absences	Non- monetary benefits (note 1)				
Dr Michael Easson AM Non-Executive Chair	69,866		9,082	-	-	78,948
Wendy Caird Non-Executive Deputy Chair	40,142	489	5,219	-	-	45,850
John Knox Managing Director	629,222	1,199	75,507	25,335	-	731,263
Dr Allan Hawke AC Non-Executive Director	34,907	-	4,538	-	-	39,445
Carol Lilley Non-Executive Director	34,907	-	3,846	-	-	38,753
Jennifer Goddard Non-Executive Director	34,907	-	4,418	-	-	39,325
Rachel Peck Non-Executive Director	34,907	489	4,538	-	-	39,934
Dr Thomas Parry AM Non-Executive Director (note 3)	21,850	-	2,839	-	-	24,689

Name and Position	Short-term employee benefits \$		Superannuation \$	Long-term employee benefits – long service leave \$ (note 2)	Termination benefits \$	Total \$
	Salary, fees and short-term compensated absences	Non-monetary benefits (note 1)				
Amanda Lewry General Manager Asset Management	344,465	516	28,763	13,792	-	387,536
Ray Hezkial General Manager Project Delivery, Operations and Maintenance	347,562	3,115	28,765	20,134	-	399,576
Sam Sachse General Manager Finance	342,215	21	28,772	14,878	-	385,886
Jane Breaden General Manager Business Services	331,084	-	35,094	-	-	366,178
Richard Spurrett General Manager Strategic Projects & Technology	311,968	-	49,375	-	-	361,343
Total	2,578,002	5,829	280,756	74,139	-	2,938,726

Notes:

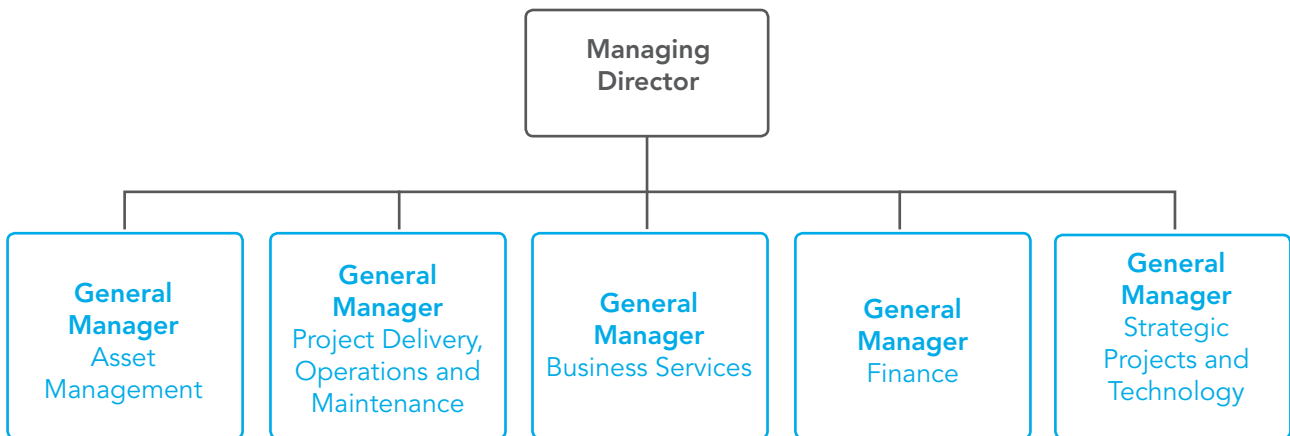
1. Non-monetary benefits are free or subsidised goods or services relating to services in the current period, such as car parking expenses, gym fees and professional membership fees including fringe benefits tax, where applicable.
2. For long service leave, the amount accrued is disclosed when the employee has reached 7 years of service.
3. Dr Parry was appointed as a non-Executive Director from 16 November 2015.

Human resources

Organisational structure

Icon Water’s organisational structure is comprised of five groups, each led by a General Manager:

- Asset Management (water and sewerage functions)
- Project Delivery, Operations and Maintenance
- Business Services
- Finance
- Strategic Projects and Technology



Culture

Icon Water’s People Strategy underwent a major review during the year following a series of organisational changes. The People Strategy focusses on four fundamental areas of people management including: diversity and inclusion; leadership; performance and development; and planning and analysing talent.

Icon Water’s stated commitment to diversity and inclusion is as follows:

Icon Water is committed to creating a diverse workforce, with particular emphasis on gender balance, where all employees have the opportunity to contribute meaningfully and develop professionally in a respectful and supportive working environment. Icon Water adheres firmly to the principle of merit based selection and will work to ensure this is rigorously applied, removing any artificial barriers or impediments — including job design and unconscious bias — that may currently exist.

A number of initiatives stemming from this commitment have been implemented or are currently underway including:

- compulsory Code of Conduct training reinforcing employees’ obligations and emphasising the importance of workplace civility
- a support package for employees who are victims of domestic violence including extra leave and a new confidential reporting channel
- piloting inclusive or ‘blind’ recruitment actions
- unconscious bias training for leaders across the business
- the development of a strategy to attract and retain women in non-traditional roles.

Staffing profile

At 30 June 2016 staffing numbers totalled 385.3 (FTE).

Table 2: Staff profile by employment type and gender

	Female	Male	Total
Full Time Equivalent	88.4	296.9	385.3
Headcount	91	298	389
% of workforce (based on headcount)	23.4%	76.6%	100.00

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

Employment category	Female	Male	Total
Casual	0	0	0
Permanent Full-time	77	278	355
Permanent Part-time	7	2	9
Temporary Full-time	4	17	21
Temporary Part-time	3	1	4
Total	91	298	389

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

Employment category	Female	Male	Total
20-29	13	16	29
30-39	44	81	125
40-49	25	100	125
50-59	6	67	73
60 and over	3	34	37
Total	91	298	389

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

	Female	Male	Total
Average years of service	6.7	12.1	10.8

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

	Number	Percentage
Aboriginal and Torres Strait Islander	3	0.77%
Culturally and Linguistically Diverse	29	7.46%
People with disability	7	1.80%
Total	39	10.03%

Attraction and retention

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

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

Icon Water's 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.

Highlights

Asset management

During 2015–16, Icon Water continued to develop asset management plans, procedures and processes that underpin robust and effective asset management of our systems. This in turn ensures our assets will continue to deliver the services our customers and stakeholders have come to expect from us both now and in the future.

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 Corin, Bendora, Cotter and Googong 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 sewage pumping stations.

A keystone asset management document for Icon Water is the Strategic Asset Management Plan (SAMP). This document was finalised during 2015–16 and outlines the major asset management processes that are used to translate Shareholder and stakeholder needs into prudent and efficient action plans and strategies. The plan includes the framework, structure and content of the more detailed asset management plans that are to be developed during 2016–17.

The Asset Management Group also finalised its ‘target state’ business activity map that aligns future activities to our strategic objective of ‘excellence in asset management’. The Asset Management Group was restructured in late 2015 to support the target state. Changes to the Operational Technology Information Systems to underpin our asset management strategic objective will commence in 2016–17.

Sewerage operations

Icon Water performed well against its environmental authorisations achieving the following results.

Lower Molonglo Water Quality Control Centre	100%
North Canberra Water Reuse Scheme	100%
Uriarra Sewage Treatment Plant	96%

Additional environmental licence compliance is outlined in Financial reports on page 7.

Icon Water’s Trade Waste Policy has continued to be implemented in 2015–16 along with a compliance monitoring program. The data gathered in the compliance monitoring program was reviewed and a risk based compliance monitoring program was drafted for implementation in 2016–17. This model of monitoring will allow highest risk discharges to be monitored more frequently than those with lesser risk to the sewer network.

Icon Water worked collaboratively with the ACT Environment Protection Authority (EPA) to revise the Lower Molonglo Water Quality Control Centre (LMWQCC) Environmental Authorisation and to develop and implement the first LMWQCC Environment Management Plan.

Icon Water continues to seek to improve performance with regard to sewer blockages. This year work was undertaken to compare our sewer blockage maintenance strategy with other peer utilities across Australia, identifying some opportunities for innovative technologies for further investigation. The recent performance of the sewerage network has been critically reviewed to inform the planned maintenance programs for 2016–17.

Work has continued in order to try and minimise the risks of illegal dumping into the sewer networks. Reactive and proactive sampling programs have been developed and response procedures have been adopted. The opportunity for further monitoring is also being investigated.

Water operations

The monthly rainfall for June 2016 was more than double the average monthly rainfall. Between 4 and 10 June 2016, total water storage across the four dams (Corin Bendora, Cotter and Googong) increased from 72.5% to 78%, an increase of 15 gigalitres (equivalent to 6000 Olympic swimming pools).

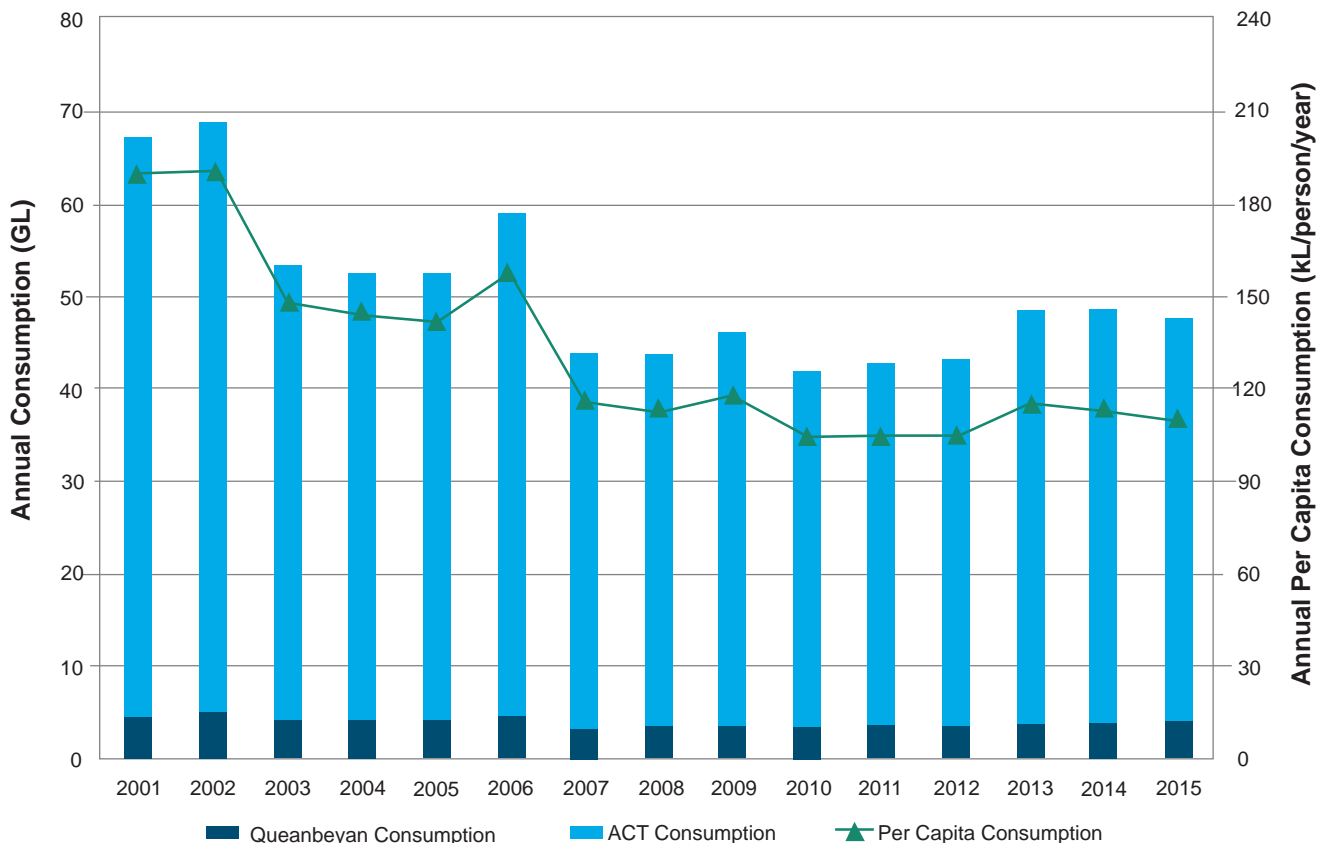
The Cotter Dam was close to its full capacity at the end of June due to rainfall. Combined dam storage levels are healthy and increasing which bodes well for Canberra's long term water security. Since water restrictions were removed in November 2010, per capita water consumption in Canberra and Queanbeyan has consistently been 35–40% below consumption levels experienced before the introduction of water restrictions in 2002. This is one of the largest sustained water use reductions per capita in Australia, further contributing to Canberra's water security.

Water quality

Icon Water conducts a continual and comprehensive water quality monitoring program across its supply and distribution systems and uses this data to ensure water quality. Testing of the quality of water was undertaken in accordance with the Australian Drinking Water Guidelines (2011) and the Public Health (Drinking Water) Code of Practice (2007) (the Code). There were seven notifiable incidents to ACT Health as per the Code during the year.

Icon Water also published its Annual Drinking Water Quality Report 2014–15 in accordance with the Code in October 2015 (the report is available at on the website at iconwater.com.au). The 2015–16 report will be published in October 2016.

Annual water consumption for the ACT and Queanbeyan over the last 15 years



Capital works and major infrastructure

Sewer Mains and Water Mains Rehabilitation Programs 2015–16

The Water and Sewer Mains Rehabilitation programs replace old and damaged pipelines in the water and sewer networks ensuring a more reliable water supply and wastewater services for the Canberra community.

The Water Mains Rehabilitation program focused on the renewal of ductile iron pipes. Approximately 9.7km of pipelines were replaced in 2015–16.

Approximately 23km of Sewer Mains Rehabilitation work was undertaken throughout Canberra in 2015–16 using both pipe bursting and pipe relining technologies.

Lower Molonglo Water Quality Control Centre (LMWQCC) – Aeration System Renewal

The LMWQCC was constructed in the 1970s. Elements of the plant now require renewal or upgrading. The aeration system renewal project will replace 40 year old equipment with the latest technology. The aeration system is a fundamental element of the sewage treatment process. Procurement of the mechanical elements (aerators and drive systems) was completed this year with installation scheduled for 2016–17.

Mitchell office refurbishment

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 air-conditioning) are at the end of their life cycle. The refurbishment of the Mitchell office and depot is designed to accommodate personnel currently located in temporary offices at the Mount Stromlo Water Treatment Plant.

Refurbishment of the Mitchell office was undertaken during 2015–16 with re-occupation scheduled for August 2016.

Lower Molonglo Water Quality Control Centre – Solids Handling

As part of the renewal/upgrade of the ageing Lower Molonglo Water Quality Control Centre, the Solids Handling project will renew the sludge processing component of the plant. Works include a sludge thickening tank, new centrifuges and improving the incineration facility. Detailed designs are well underway and procurement of the centrifuges and drives has been finalised.

Lower Molonglo Water Quality Control Centre – Tertiary System Upgrade and Associated Works

This project involves the upgrade and augmentation of the tertiary filtration system. The tertiary system is the final filtration step of treating effluent before returning it back to the environment. On-site work has now commenced to replace various components of the system. Design is underway for refurbishment

of the existing filters. A review of the drivers for the need to increase capacity of the filtration system was completed.

Molonglo Valley Interceptor Sewer and Fred Reardon Bypass Relining

This project will refurbish the main sewer carrier that delivers water to the Lower Molonglo Water Quality Control Centre. A condition assessment of the carrier highlighted degradation of the carrier pipe (concrete). The relining project will increase the life of this trunk pipeline.

The contract for this work was awarded in May 2016 with completion estimated in December 2016.

20mm Water Meter and Service Upgrade Program

This program is to replace ageing, inaccurate and non-working water meters.

The roll out of the meter replacement program was accelerated following efficiencies realised during the delivery of the program. 8,700 meter replacements were achieved, exceeding the 6,300 target, while still remaining within the approved budget.

Googong Water Treatment Plant Dewatering Systems Upgrade

Components of the treatment plant continued to be upgraded in 2015–16. 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.

All capital works were completed and the site commissioned during 2015–16.

Commonwealth Avenue Pump Station (CAPS) - Refurbishment and Emergency Contingency Upgrade

Constructed in the 1960's, CAPS is the largest sewage pumping station in the Icon Water network. It is a critical part of the infrastructure providing one of only two routes for directing sewage from the North Canberra catchment and across the lake and on to the treatment plant. To enhance emergency contingency provisions, the facility is being upgraded with a new emergency generator housed in a new building designed to be sensitive to the prominent site within Commonwealth Park. A comprehensive refurbishment of the existing station is also included in the project to complete the renewal of the facility.

The new emergency generator is now operational and the remaining building and refurbishment works are scheduled for completion in 2016–17.

Branding

Icon Water delivered a phased rollout approach to the brand which began in May 2015 with a public introduction and education of the brand change delivered by a six month advertising campaign through sponsorship of the WIN News weather bulletin.

In May 2016, an independent survey of 816 Canberra owner/occupier residents and businesses was undertaken. A two-part question was asked to measure brand recall and recognition. Unprompted, 27% of participants could name Icon Water as their water and sewerage provider. When prompted of the recent rebrand, 42% of participants could name Icon Water. The survey results indicate a solid start on recall of our new brand, just 12 months after its launch.

The former ACTEW brand is embedded in the Canberra community and it is expected to take a number of years to achieve a significant shift, particularly in the 40+ age demographic who have a longer history of interaction with ACTEW.

We have a range of existing initiatives underway and planned that will continue to raise community awareness about Icon Water's business and build brand recall and recognition. These initiatives will be conducted through our ongoing community education strategy, community support program and our recently launch *Talking Icon Water* community engagement program.

Customer services

During 2015–16, Icon Water has undertaken extensive market research to understand the needs, values and expectations of our customer and the community.

The three most valued aspects of Icon Water's services by the Canberra community are reliability of supply, quality of drinking water and affordable and fair pricing. Satisfaction with our water quality remains high at 95% and overall satisfaction with our services is steady at 82%.

During 2015–16, Icon Water met all of its customer service delivery targets (outlined in the Statement of Corporate Intent) in relation to water quality, water and sewerage service and billing account complaints (per 1000 properties).

Icon Water is committed to focusing on improvement in service delivery. In particular, the availability of online application processes to meet the needs of our business and professional customers.

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 program includes working in partnership with locally based and national universities, Cooperative Research

Centres, the Water Research Australia (WaterRA), the Water Environment Research Foundation (WERF), the Smart Water Fund, the Australian Research Council, and the Water Services Association of Australia (WSAA).

The following research projects continued or were completed during 2015–16:

- 'Alum Sludge Reuse and Recycling' – a report on the investigation of alternate uses for alum sludge from the water treatment process was delivered in August 2015.
- 'Water use in Montane forests' - investigating how much water is used by soil and plants to ascertain how much reaches streams and dams in catchments.
- '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.
- 'Source Catchments as assets' – a national project facilitated by WSAA and WERF to investigate the different institutional, regulatory and hazards facing water utilities. The project will produce a number of outputs to assist water utilities in making the business case to invest in catchment management, including the Catchment Management Investment Standard, Influence Matrix, and The Source: A Benefit Valuation Database, Economic Assessment Tool for Catchments.
- 'Risk-based regulation of wet weather sewer overflows' – a national project facilitated by WSAA to establish a risk based decision making framework for the management of overflows and engagement with regulators.
- 'Development of Climate Change Adaptation Guidelines for water utilities' – a project with WaterRA and WSAA industry members to investigate climate change risks to water utilities and identify suitable strategies to build resilience.
- 'Investigation into health based targets and development of a Health Based Targets Manual for microbial drinking water quality' – a three year research project, facilitated by WSAA, to undertake trials and guide utilities through a self-assessment process to determine the safety performance of each drinking water system. In early 2015, Icon Water undertook an assessment on the Googong Water Treatment Plant direct filtration process, finding the process was in the safe part of the 'Safety Continuum'. The manual, released by WSAA in November 2015, will assist utilities to determine compliance with the Health Based Targets soon to be introduced by the Australian Drinking Water Guidelines.

Economic regulation

The prices that Icon Water charges for regulated water and sewerage services in the ACT are regulated by the Independent Competition and Regulatory Commission (ICRC).

On 1 July 2015, Icon Water implemented prices in accordance with the Substituted Price Direction made by the Industry Panel in April 2015 following its review of the ICRC's Price Direction for the period 1 July 2013 to 30 June 2019.

In 2015–16, water prices fell by about 1.5 per cent compared to 2014–15, with charges for sewerage services increasing by 3.5 per cent. As a result of the price adjustments, the annual water and sewerage bill for a typical Canberra household rose by less than 1 per cent or around \$8.

The ICRC commenced a review of tariff structures for water and sewerage services on 23 November 2015. Icon Water made a submission to the review in January 2016 and responded to several information requests from the ICRC in relation to its technical papers on the price elasticity of water demand and marginal cost pricing, which were released on 29 February 2016 and 17 June 2016. Icon Water conducted an online survey on tariff structures, with 470 residential customers' responses received between 23 May 2016 and 10 June 2016. The results of the survey will inform proposals made by Icon Water over the remainder of the tariff review.

The Independent Competition and Regulatory Commission Act Amendment Bill 2016 was passed by the ACT Legislative Assembly on 9 June 2016.

The amendments made to the *Independent Competition and Regulatory Commission Act 1997* under this bill will affect the making of price directions for Icon Water's regulated water and sewerage prices in the future, including the price direction for the period commencing on 1 July 2018. The most significant amendments include:

- insertion of a new overarching objective for industry references, which focuses on efficient investment in, operation and use of the regulated service
- focusing any review of a price direction on correcting errors, as distinct from reopening the whole decision.

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 2015–16, the Safety Branch was restructured. This involved the appointment of a new Manager Safety and the formation of a small team dedicated to safety system improvement and project implementation. The business is further supported by four Safety Business Partners to assist leaders in safety management and provide expert advice.

Notifiable safety incidents reduced from seven in the 2014–15 financial year to six in 2015–16. The number of all incidents recorded reduced from 361 in 2014–15 to 324 in 2015–16, a reduction of 10.2%. We made significant progress in reducing incidents and serious injuries with a 55% reduction in the Serious Injury Frequency Rate over the year and a 47% decrease in the number of medical treatment injuries. No serious injuries (more than five days off work) were reported in the last seven months of the financial year.

There are three workplace health and safety committees that comprise 15 elected Health and Safety Representatives across the business.

Icon Water continues to be certified to the safety standard AS/NZS 4801: 2001 *Occupational health and safety management systems – Specification with guidance for use*. A significant aspect of this certification is continual improvement of safety performance which is delivered via the Work Health and Safety Strategy (WHSS). The annual review of the WHSS was brought forward due to the restructure of the Safety Branch. The review saw the strategy rolled forward to cover the three years 2016–17 to 2018–19 and identified four focus areas:

- improved safety engagement
- clear expectations and accountability
- support fitness for work
- simple and effective systems.

Two key projects have commenced to start the delivery of the new WHSS. A mental health initiative is being delivered that includes the development of a resource website as well as presentations aimed to reduce the stigma of mental health. An online confidential mental health survey is underway to provide information on any issues specific to Icon Water that will direct the development of further initiatives.

The other key project has involved the development and approval to deliver a safety engagement program for all employees. This program aims to develop an organisation-wide belief that every incident is preventable and that every individual can and should choose to work in a safe way to prevent incidents from occurring. Sessions are scheduled to commence in July 2016.

Significant projects completed during the year were the implementation of new controls to manage exposure to polycyclic aromatic hydrocarbons (PAH) from coal tar products and the development and approval of a new procedure for network isolation and lockout.

Effective early intervention continues to be a central component of the care and management of injured and ill employees. Early intervention delivers a tangible benefit to employees as medical intervention occurs very early resulting in better return to work outcomes and lower claim levels.

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WATER

Section 3
Community engagement



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 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 sharing knowledge and information face to face and through various mediums and channels (including website, Twitter and YouTube).

Wet wipes and domestic sewerage network issues

Icon Water continued to engage with the Canberra community about the negative impact that flushed wet wipes are having on our sewerage network in the form of blockages and increased maintenance requirements. The 'Don't flush wet-wipes' campaign was delivered via newspaper, television and social media. Analysis on the success of the campaign indicates an 11% change in behaviour. A dedicated webpage has been developed with downloadable information on a number of community focused campaigns undertaken 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 the role that Icon Water plays. Icon Water also provides tours of treatment plants on request. Since July 2015, 1261 people have undertaken 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 involved in 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 explanatory digital clips about network protection issues, emergency management support initiatives and general information about our business have been developed. This has provided 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.

Community Consultative Forum

The Icon Water Community Consultative Forum was established in June 2016 as an advisory body. The forum is made up of community representatives who provide us with advice on customer and consumer interests in relation to our business.

The forum enables two-way, open communication between Icon Water and community councils, customer representatives, environmental and community organisations.

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 Discovery Trail 	ACT and interstate primary and secondary schools	1200+	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 Canberra Show, Million Paws Walk, Gungahlin Community Festival, Convoy for Cancer ▪ Participation in OzWater conference ▪ 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 Scheme	<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+	
Community consultation	<ul style="list-style-type: none"> ▪ Deliberative engagement ▪ Market research ▪ Satisfaction Survey ▪ Water perception survey ▪ Tariff survey 	Youth Coalition, Council of the Ageing, Multicultural and Indigenous Affairs, SEE-Change, Molonglo Catchment Management Group, ACT Property Council, North Canberra Community Council, Gungahlin Community Council, Tuggeranong Community Council, University of Canberra, Canberra Business Chamber, Disability ACT, ACTCOSS.	3500+	Relationship and awareness building, two-way information exchange.

Community support program

Icon Water's Community Support Program (the CSP) is designed to maximise returns to the community and benefits to the organisation. The CSP Guidelines used for assessment of funding applications can be found on the website at iconwater.com.au.

The CSP 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'.

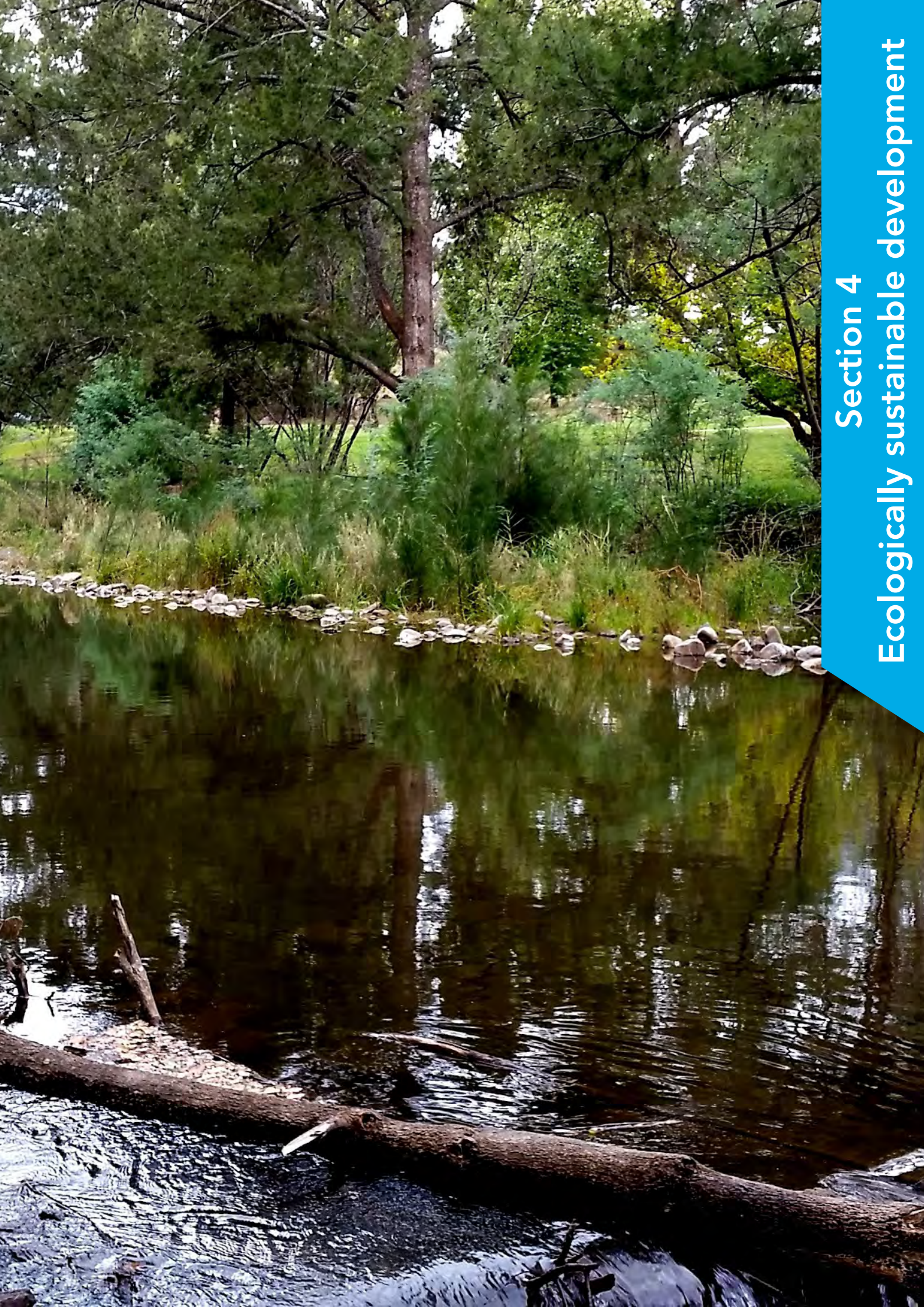
- To complement and progress the organisation's goals as described in the Statement of Corporate Intent through strong brand positioning, providing avenues to deliver key messages and value-adding to engagement and communication priorities.

The CSP 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. Sponsorships and donations were committed for \$492,914 through 46 groups, individuals and organisations during 2015–16 (see Table 7).

Table 7 : Community support program - funding recipients

No	Name	Purpose	Amount\$
Sponsorships			
1	Canberra Symphony Orchestra	Opera Gala sponsorship for 2015-16 and 2016-17	98,620
2	National Gallery of Australia	Exhibition sponsorship	62,500
3	ACT Government - Windows to the World	Embassy open day's sponsorship	35,000
4	Menslink	Organisation sponsorship	35,000
5	Canberra International Music Festival Pro Music Inc	Festival sponsorship	31,818
6	Canberra Area Theatre Awards 2015	Major award sponsorship	25,000
7	Lifeline Canberra	Organisation partnership and Women of Spirit Awards sponsorship	23,727
8	Karinya House Home for Mothers and Babies Inc	Organisation sponsorship	18,000
9	Canberra Cavalry Australian Baseball League Pty Ltd	Organisation sponsorship	12,500
10	National Heart Foundation of Australia ACT Division	Organisation sponsorship	10,000
11	Barnados Australia	Canberra Golf Day sponsorship	10,000
12	National Multicultural Festival	Organisation sponsorship	10,000
13	ACT Eden Monaro Cancer Support Group	Cancer Convoy sponsorship	10,000
14	Physical Activity Foundation Ltd	Organisation sponsorship	10,000
15	RSPCA	Million Paws Walk sponsorship	9,091
16	Newborn Intensive Care Foundation	Organisation sponsorship	9,000
17	Kidsafe ACT Inc	Organisation sponsorship	6,364
18	Calisthenics ACT	Organisation sponsorship	5,000
19	The Salvation Army	Christmas carols concert sponsorship	5,000
20	National Botanical Gardens	Summer sounds concert sponsorship	5,000

No	Name	Purpose	Amount\$
21	The Australian American Association (Canberra Division) Inc	Festival sponsorship	5,000
22	Greenway Mens Shed Inc	Organisation sponsorship	5,000
23	BDW Special Events Pty Ltd	Chief Minister's Inclusion Awards sponsorship	5,000
24	National Arboretum	Voices in the Forest sponsorship	5,000
25	AWA ACT Water Leaders	Gala Dinner sponsorship	3,000
26	North Canberra Gungahlin Cricket Club	Organisation sponsorship	3,000
27	Uniting Care Canberra City	Organisation sponsorship	2,520
28	ACT Canine Association Inc	Organisation sponsorship	2,500
29	Woden Valley Youth Choir Inc	Carols by Candlelight sponsorship	2,500
30	Communities at Work	Gungahlin festival sponsorship	2,500
31	Artists Society of Canberra Inc	Opening event sponsorship	2,440
32	ACT Camp Quality Ltd	Organisation sponsorship	2,000
33	Three Sixty Fashion Market	Organisation sponsorship	2,000
34	Queanbeyan Blues Masters	Organisation sponsorship	2,000
35	GWS Giants Football Club Ltd	Charity partner lunch sponsorship	1,773
36	Projects Independence Ltd	Rubik's Cube Ball sponsorship	1,500
37	ACT Valley Dragons Masters	Organisation sponsorship	1,500
38	Property Council of Australia	Event sponsorship	800
Donations			\$481,653
39	Karen and Roslyn Blake Rock Climbing championship	Travel Expenditure Support	2,500
40	Uni Norths Junior Rugby Union	Organisation donation	2,000
41	South Tuggeranong Softball Association	Organisation donation	2,000
42	Canberra Amateur Swimming Club	Organisation donation	2,000
43	ACT Emergency Services Agency	Organisation donation	1,000
44	Ricky Stuart Foundation	Organisation donation	759
45	St Vincent de Paul - CEO Sleepout	Organisation donation	502
46	Spring Fair	Organisation donation	500
GST inclusive where applicable		Total	\$492,914



Section 4

Ecologically sustainable development

Ecologically sustainable development

Icon Water has continued to demonstrate sound environmental stewardship through environmental management and sustainability programs, and implementation of a fully certified Environmental Management System (EMS). In 2015–16, the EMS achieved recertification to the international standard AS/NZS ISO 14001: 2004 *Environmental management systems – Requirements with guidance for use*.

Icon Water has a team of environmental and sustainability professionals that support the business to ensure it continues to protect the environment and drive sustainable outcomes.

An internal environmental assessment and approvals function has improved the timeliness and rigour of environmental measures being applied to activities and capital works projects across the business, and reduced reliance on external consultancies. This in turn has improved environmental awareness and relationships with regulators. During 2015–16, Icon Water undertook 143 environmental assessments and obtained 31 environment and planning approvals for its activities.

Icon Water has maintained compliance with all ACT and Commonwealth environmental flow requirements, licence requirements, environmental authorisations and project approval conditions. Environmental Management Plans continue to be developed and delivered for licenced activities at our major sites. At Lower Molonglo Water Quality Control Centre (LMWQCC), 100% of the biosolids were reused after treatment as a soil conditioner and 100% of effluent was either recycled or released to the Molonglo River to boost environmental flows.

Icon Water has continued to integrate ecologically sustainable development principles into its decision making through the Sustainability Scorecard assessment process for all asset management and capital works projects. In 2015–16, a review of the sustainability scorecard resulted in improvements including clearer parameters for ecological impacts, climate change risks and community and workforce considerations. In 2015–16, approximately 127 Sustainability Scorecard assessments were undertaken at various stages of project development.

Icon Water has a comprehensive environmental monitoring program to ensure drinking water catchment health is understood and protected. In 2015, the *Catchment Survey Report 2012–15* was presented to the ACT Department of Health which summarised results from water quality data and land use activities within the Cotter, Googong and Murrumbidgee catchments. The report highlighted potential hazards which Icon Water has raised with responsible authorities to minimise adverse impacts to source water quality.

As a major contributor to water resource planning in the ACT and region, Icon Water engaged with the ACT Government and surrounding NSW local Government on catchment management issues through the ACT and Region Catchment Management Coordination Group. In 2015–16, Icon Water contributed to the development of the ACT and Region Catchment Strategy to drive consideration of more holistic and sustainable water resource management outcomes in the region.

The ACT Government's Directors - General Water Group continues to be an effective means for Icon Water to engage on broader water management issues for the ACT such as through input to implementation of the *ACT Water Strategy 2014–44* and development of the ACT Water Resources Plan.

Icon Water has also participated in workshops with Government and private land managers in the Cotter and Googong catchments to review catchment plans contributing to source water quality objectives. Icon Water continued to deliver its Cotter Environmental Flow Plan, Cotter Dam Fish Management Plan, Below Dams Ecological Monitoring Program and a revised Murrumbidgee Ecological Monitoring Program to ensure aquatic ecosystems are understood, protected and compliance is achieved. Icon Water also continued to support community water quality monitoring through sponsorship of WaterWatch Coordinators in the Upper Murrumbidgee and Southern ACT in partnership with the ACT Government.

In July 2015, Icon Water developed its Energy Strategy with a focus on improving energy management by embedding energy principles within existing business strategies and plans and implementing projects that deliver energy efficiencies. Initiatives this year have included the recommissioning of Googong mini hydro to generate renewable electricity. An upgrade is currently underway at Stromlo mini hydro to generate electricity in 2016–17. These and other projects will help Icon Water realise cost savings, energy efficiencies and reduce greenhouse gas emissions.

Carbon offset plantations and biodiversity offsets programs continue to be managed. The Cotter Dam Biodiversity offsets program completed its final year with significant revegetation and weed management outcomes achieved across approximately 400 hectares in the Lower Cotter Catchment. The Murrumbidgee to Googong Water Transfer biodiversity offset area continues to improve in condition from further revegetation, weed and feral animal control activities completed in 2015–16.

Icon Water retired 90,000 Gold Standard Carbon offset certificates to meet its commitment to offset the greenhouse gas emissions associated with the construction and operation of major water security infrastructure. To support Australian carbon outcomes, Icon Water also allowed 70 hectares of unused Icon Water land to be used for carbon plantings for the Federal Government's 20 Million Trees Programme.

Icon Water successfully implemented its *Bushfire Operations Plan 2015–16* with removal of vegetation to reduce the risk that bushfire could pose to utility assets, water and sewage service continuity and staff and public safety.

Managing bushfire risks will continue to be a priority for Icon Water as we develop and implement our *Bushfire Operations Plan 2016–17*.

As a result of ongoing environmental and sustainability performance, Icon Water was highly commended for its organisational leadership in sustainability in the 2015 Infrastructure Sustainability Council of Australia (ISCA) awards program.

Table 8: Sustainable development performance – current and previous financial year

Indicator as at 30 June	Unit	Current FY	Previous FY	Percentage change %
Staff and area				
Staff	FTE	385.3	388	-0.7
Stationary energy usage				
Electricity use	Kilowatt hours	33,096,608	32,667,724	1.3
Renewable electricity use	Kilowatt hours	321,422	66,917	380
Natural gas use	Megajoules	1,288,955	1,188,691	8.4
Transport fuel usage				
Total number of vehicles	Number	135	144	-6.3
Total kilometres travelled	Kilometres	2,298,646	1,978,872	16.1
Fuel use – Petrol	Kilolitres	23.1	27.3	-15.4
Fuel use – Diesel	Kilolitres	384.1	363.6	5.6
Fuel use – Liquid Petroleum Gas (LPG)	Kilolitres	0	0.4	-100
Fuel use – Compressed Natural Gas (CNG)	Kilolitres	0	0	0
Water usage				
Water use	Kilolitres	91,686	88,298*	3.8
Resource efficiency and waste				
Reams of paper purchased	Reams	2,393	2,628	-8.9
Recycled content of paper purchased	Percentage	80%	80%	0
Waste to landfill (estimated weight in tonnes)	Tonnes	209.85**	115.71	81.4
Co-mingled material recycled (estimated weight in tonnes)	Tonnes	14.07**	8.54	64.8
Paper & Cardboard recycled (incl. secure paper) (estimated weight in tonnes)	Tonnes	40.06	38.58	3.8
Organic material recycled (estimated weight in tonnes)	Tonnes	1.08	1.12	-3.5

Greenhouse gas emissions				
Emissions from stationary energy use	Tonnes CO ₂ -e	34,837	34,866	-0.1
Emissions from transport	Tonnes CO ₂ -e	1,154	1,133	1.8
Total emissions	Tonnes CO ₂ -e	47,009	46,940	0.1

Table notes:

- The renewable electricity use has increased with the recent recommissioning of Googong mini hydro operations in December 2015. A total of 800,000 kWh of renewable electricity was generated. 321,422 kWh of generation was consumed onsite at the Googong Water Treatment Plant and 478,578 kWh was exported to the grid.
- 2015–16 electricity, natural gas use and greenhouse gas emission figures have been estimated as not all invoicing has been received at the time of data collation.
- Total emissions also include stationary fuel oil, diesel and petrol emissions (2,982 tonnes CO₂-e) and fugitive nitrous oxide emissions (11,018 tonnes CO₂-e).
- 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 2014–15 financial year data in last year’s Annual Report for water use was incorrect and correct figures for Icon Water’s direct consumption are now provided for 2014–15 and 2015–16 with the exclusion of water consumption at the Bunda Street office.
- ** Waste to landfill and co-mingled recycling increased in 2015–16 due to the Mitchell office refurbishment.

Commissioner for the Environment

There were no investigations carried out by the Commissioner with Icon Water in 2015–16.



Section 5
Governance and scrutiny

Internal accountability & legislative framework

Icon Water's corporate governance structures and practices provide the framework for the management and achievement of the Corporation'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.

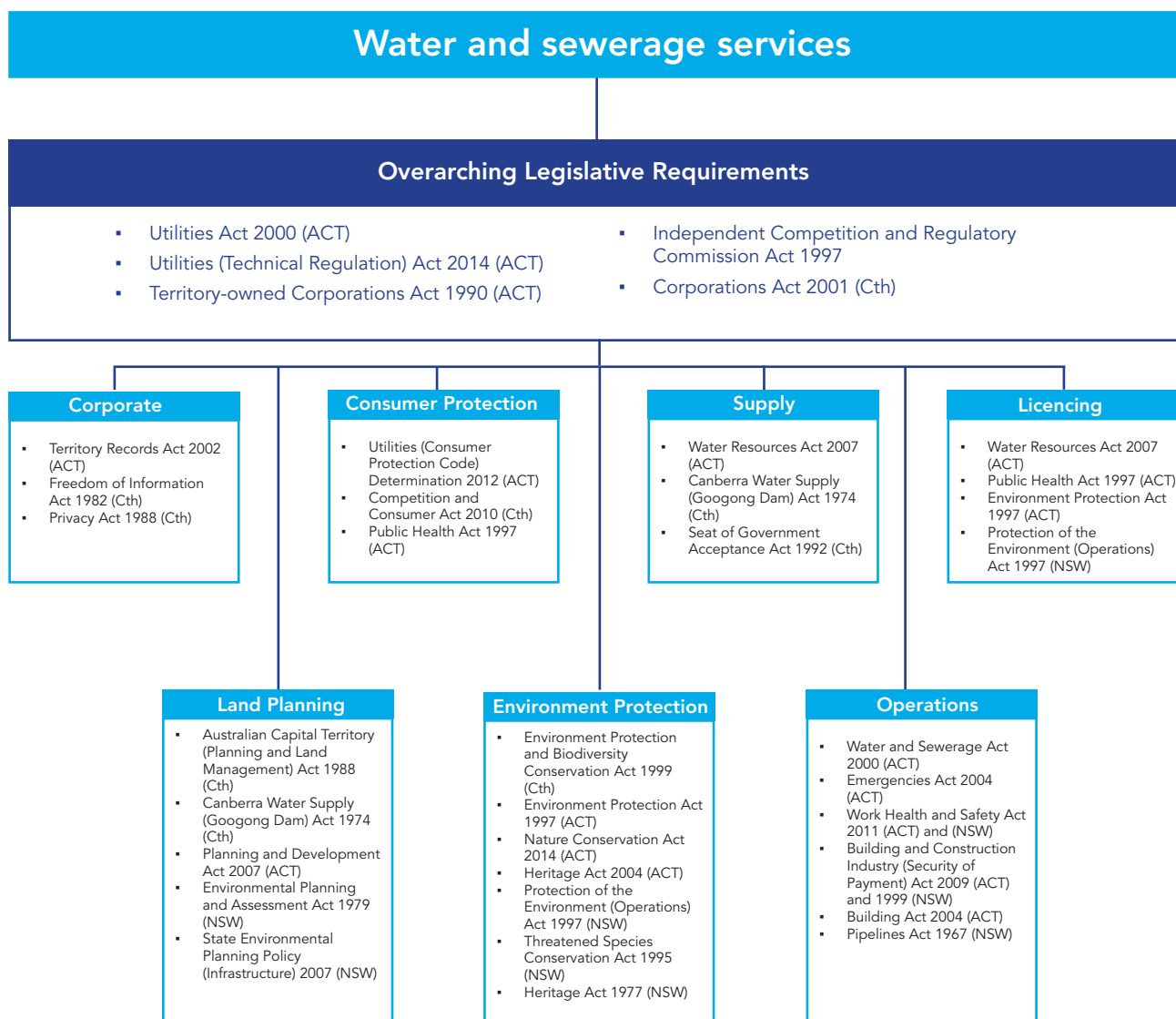
Icon Water has reporting and compliance obligations under Commonwealth and ACT legislation. A diagram of key legislation is provided below.

A number of Acts, licences and regulations govern the operations of the water and sewerage business. A legal compliance database – CMO Compliance identifies 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 2015–16 are on page 23 and in the Financial reports on page 7.

Key legislation for Icon Water's water and sewerage business

There are also various regulations and codes which affect Icon Water's business which sit below the key pieces of legislation listed below.



Statement of Corporate Intent

Icon Water has agreed strategic objectives, activities and priorities with the Voting Shareholders. These are detailed in an annual Statement of Corporate Intent (SCI). The 2015–16 to 2018–19 SCI was tabled in the ACT Legislative Assembly on 2 June 2015. 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.

Code of Conduct

Icon Water's Code of Conduct outlines the high standards of honesty, integrity and ethical and law-abiding behaviour expected of all Icon Water personnel. Code of Conduct refresher training was rolled out across the organisation in May 2016.

Policies and Procedures

Icon Water has a suite of eleven overarching corporate policies (that cover asset management, compliance, customer, environment, information and communication technology, financial management, management systems, quality, people, risk and safety). Corporate procedures fall under the umbrella of these overarching corporate policies. Corporate policies and procedures are available to all Icon Water staff on the Icon Water intranet and are subject to regular review and improvement.

Internal audit

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

Details of the Committee members are provided below.

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

Further details of the Committee meetings (including attendance) held in 2015–16 are provided in the Financial Reports.

Icon Water's Internal Audit function provides an independent, objective assurance and consulting activity designed to add value and improve Icon Water's operations. The Committee 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. This 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 Committee 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 Risk and Assurance 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 and both are reviewed on a regular basis.

Fraud prevention in Icon Water includes formal fraud awareness training which is conducted on a biennial basis. All staff completed this mandatory training during 2015–16. Icon Water's revised induction will also see all new staff completing fraud awareness training upon commencement.

Icon Water received seven allegations of fraud during 2015–16 through its whistle-blower hotline, internet site and direct reporting, all of which were investigated internally. Six investigations were finalised and it was determined that no fraud or corruption had occurred. One investigation is continuing. In most completed investigation instances, additional management processes were implemented to ensure no further recurrence of identified issues.

Legislative Assembly Committee inquiries and reports

Recommendation No. and Summary	Action	Status
Recommendation 12 (Item 5.167) 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.	Government response: Agreed. Action: The final rebranding costs were tabled in the ACT Legislative Assembly on 13 August 2015.	Completed.

Auditor-General and Ombudsman reports

ACT Auditor-General Report No. 10/2015 – 2014–15 Financial Audits (18 December 2015)

Chapter 5 of the audit report contained the audit results and findings on ACT Government agencies and other entities including Icon Water. There was one new audit finding for Icon Water summarised below.

Audit finding	Action	Status
Water infrastructure constructed by private developers had not been accurately recorded in Icon Water's accounting system. These assets form part of the water and sewerage network maintained by Icon Water.	Icon Water has corrected prior year errors in the 2014–15 financial statements (in accordance with Australian Accounting Standard AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors). Processes have been established for the 2015–16 financial statements and future years so that all assets gifted by private developers are recognised and recorded in Icon Water's accounting records.	Completed.

There were no Ombudsman Reports relating to Icon Water during 2015–16.



Section 6
Legislation based reporting

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 an eight member board.

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 matters related to water and wastewater services, as well as other forms of public interaction and engagement, including sponsorships, customer satisfaction surveys and a Community Consultative Forum. Icon Water also carries out a broad range of education activities with a number of groups within the local community (including schools) which demonstrate the value of our products and infrastructure. 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*.

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 5 Governance and scrutiny (Internal accountability subsection) of this Annual Report.

Section 9 Statement:

No applications were made directly to Icon Water during 2015–16 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 enquiries 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 (02) 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. There were no matters received in 2015–16.

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.

Territory Records Act

Icon Water is updating its records management program, a copy of which will be provided to the Territory Records Office (TRO) once it has been finalised. The program provides a framework for the creation, management and disposal of records of business activities. Icon Water continues to liaise with the TRO on a regular basis to align with the whole of Government record keeping principles.

A business classification scheme and records disposal schedules that are relevant to Icon Water have been adopted to ensure a consistent approach to the disposal of records across the Territory. Relevant management and staff are provided appropriate training to ensure compliance with the *Territory Records Act 2002*.

Icon Water is in the process of rolling out an electronic documents and records management system (EDRMS) to support ongoing effective management of records.

Table 9: 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	2015	NI2015-358
Procurement	2007	NI2007-312
Property Management	2013	NI2013-371
Publication	2013	NI2013-370
Sewerage Management	2014	NI2014-290
Strategic Management	2009	NI2009-453
Technology and Telecommunications	2015	NI2015-361
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) Conduct Rules 2015 (ACT)*.

Bushfire risk management

Icon Water's Bushfire Operational Plan (BOP) for 2015–16 saw bushfire fuel hazard reduction works completed at four treatment plants, two dams, one pump station and seven water reservoirs. All works involved physical removal of vegetation and aimed to meet requirements of the ACT Government's Strategic Bushfire Management Plan and the specific bushfire protection needs of those water and sewerage assets.

In November 2015, 71 Icon Water field staff completed accredited Basic Wildfire Awareness training provided through a cooperative training agreement between Icon Water and the ACT Emergency Services Agency. The provision of this training provides mutual organisational benefits of improved staff safety and interoperability between Icon Water and fire agencies during bushfire response and recovery operations.

Icon Water's procedure for work during a total fire ban was updated and significantly enhanced in December 2015. The procedure aims to meet legislative and fire agency requirements for certain work activities during total fire bans and was expanded to include provisions for controlling staff entry into bushfire prone areas during a total fire ban. Collectively, these administrative controls aim to reduce the likelihood of bushfire ignitions and injuries to staff.

In May and June 2016, bushfire fuel hazard assessments have been undertaken at key sites by Icon Water Environment and Sustainability staff. In conjunction with hazard reduction works completed under the 2015–2016 BOP, these fuel assessments have informed the development of the draft 2016–2017 BOP.

Emergency and continuity management

During 2015–16, the emergency and continuity management function was embedded further into Icon Water's day to day business activities by centralising the function and implementing a holistic approach to training, testing and planning. Icon Water has developed an emergency and continuity management framework that includes a range of plans and related documentation and a testing regime that meets the requirements of relevant emergency management legislation.

In the past 12 months, Icon Water has participated in seven internal and three external exercises. All internal exercise scenarios were designed to adequately test plans, documentation, awareness and processes, should an incident occur. Once an exercise has concluded, lessons learned are documented and reviewed to enable continuous improvement of emergency and continuity management preparedness.

Icon Water is represented at the Security and Emergency Management Senior Officers Group (SEMSOG), the Security and Emergency Management Planning Group (SEMPG) and other forums across jurisdictions and government and assists in providing technical input from the water utility perspective.

Where applicable, consultation is also undertaken with relevant neighbours of Icon Water assets to ensure that all are informed of emergency management processes.



Section 7

Financial management analysis

Financial management analysis

The following financial information is based on audited Financial Statements for 2015–16 and comparatives for the 2014–15 financial year.

Operating Result

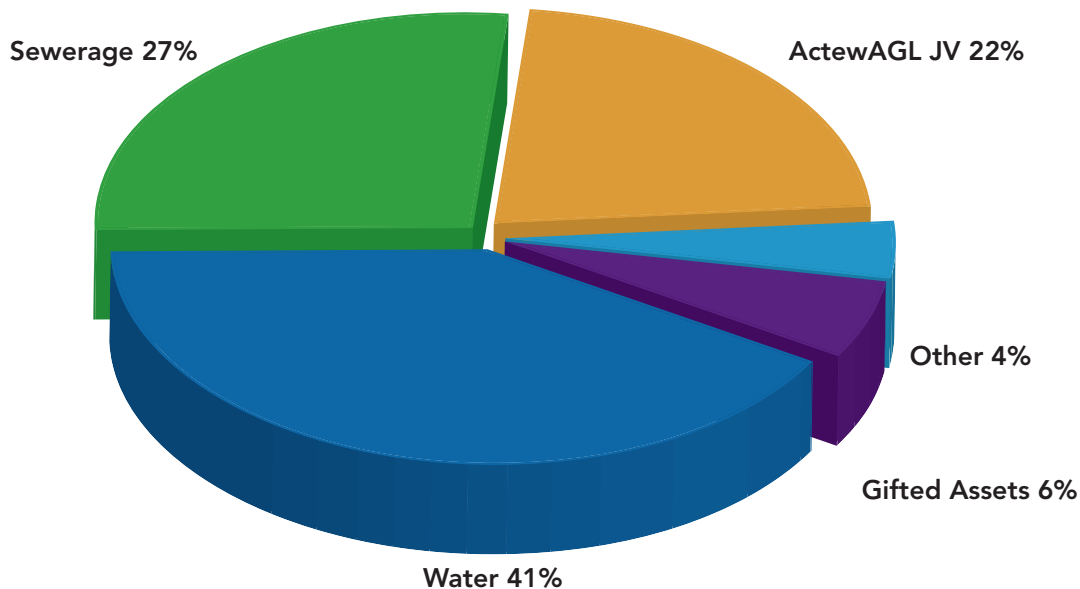
Icon Water recorded a net profit after tax for the year 2015–16 of \$122.3m (2014–15: \$97.7m).

The key factor that contributed to this performance was higher Water and Sewerage profit of \$24.8m. This was mainly due to higher consumption volumes, greater revenue from gifted assets and lower operational costs.

Total Revenue

During 2015-16 Icon Water derived \$450.3m in revenue and distributions. The components of this are depicted in the following graph:

Components of Icon Water's total revenue of \$450.3m for 2015–16



Comparison to 2014–15 Total Revenue

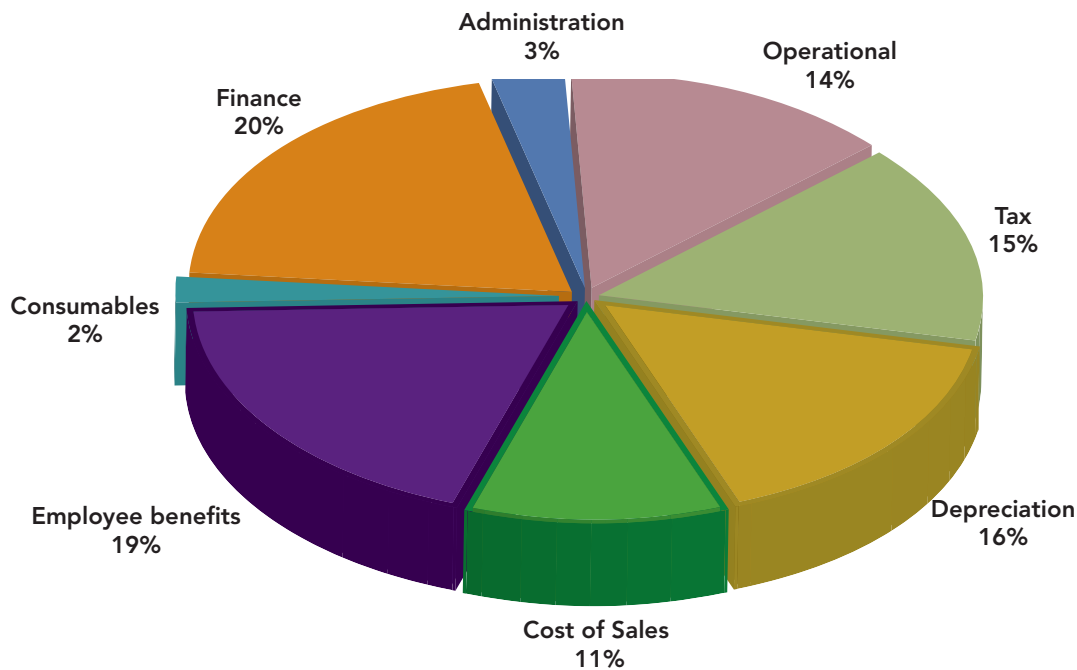
Total revenue of \$450.3m was \$28.5m higher than 2014–15. The main factors were:

- Gifted assets revenue was \$14.7m higher than the prior year which was mainly attributable to higher Land Development Agency developed gifted assets in the 2015–16 financial year.
- Water revenue was \$12.6m higher than the prior year which was mainly attributable to higher ACT water consumption.
- Sewerage revenue was \$5.2m higher than the prior year which was mainly attributable to increased customer base.
- ActewAGL joint venture income was \$0.9m lower than the prior year.

Total Expenditure

During 2015–16 Icon Water incurred \$327.9m in expenditure. The components of this are depicted in the following graph:

Components of Icon Water's total expenditure of \$327.9m for 2015–16



Comparison to 2014–15 Total Expenditure

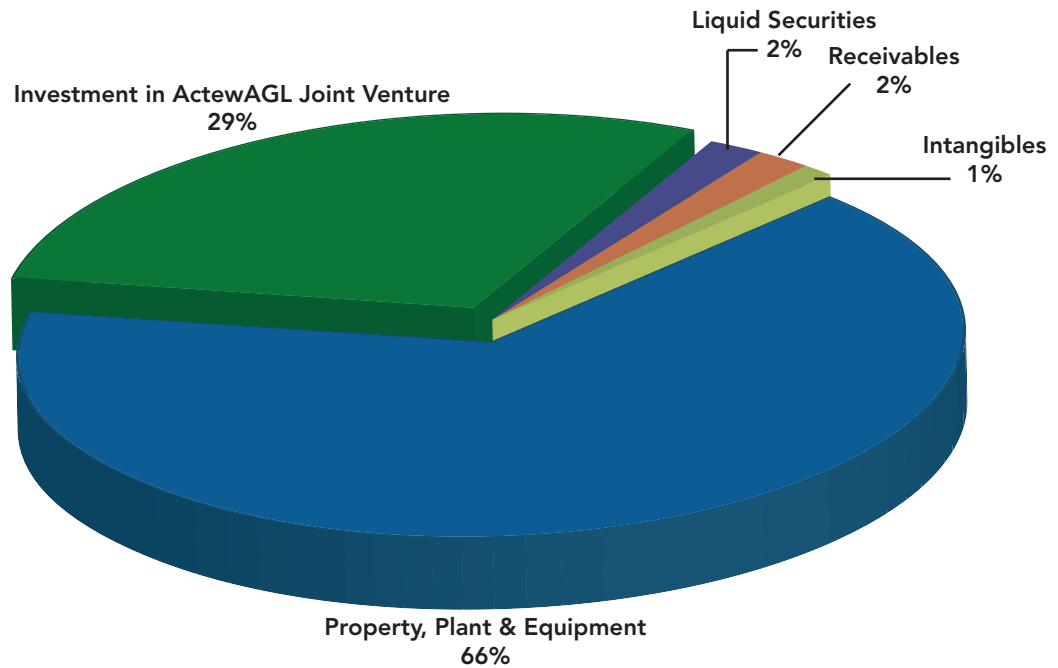
Total expenditure was \$3.8m higher than 2014–15 mainly due to the following factors:

- Depreciation costs were \$7.1m higher than 2014–15 primarily due to greater asset purchases than the prior year and changes to the useful lives of a selection of assets.
- An \$8.0m increase in income tax equivalents expense which was driven by higher profit in 2015–16.
- Other expenses decreased by \$10.7m which was mainly due to a reduction in the Commonwealth Superannuation Scheme provision and Comcare provision.

Assets

- Icon Water has \$3.3b in assets at 30 June 2016. The components are as depicted in the following graph:

Components of Icon Water Assets of \$3.3b at 30 June 2016



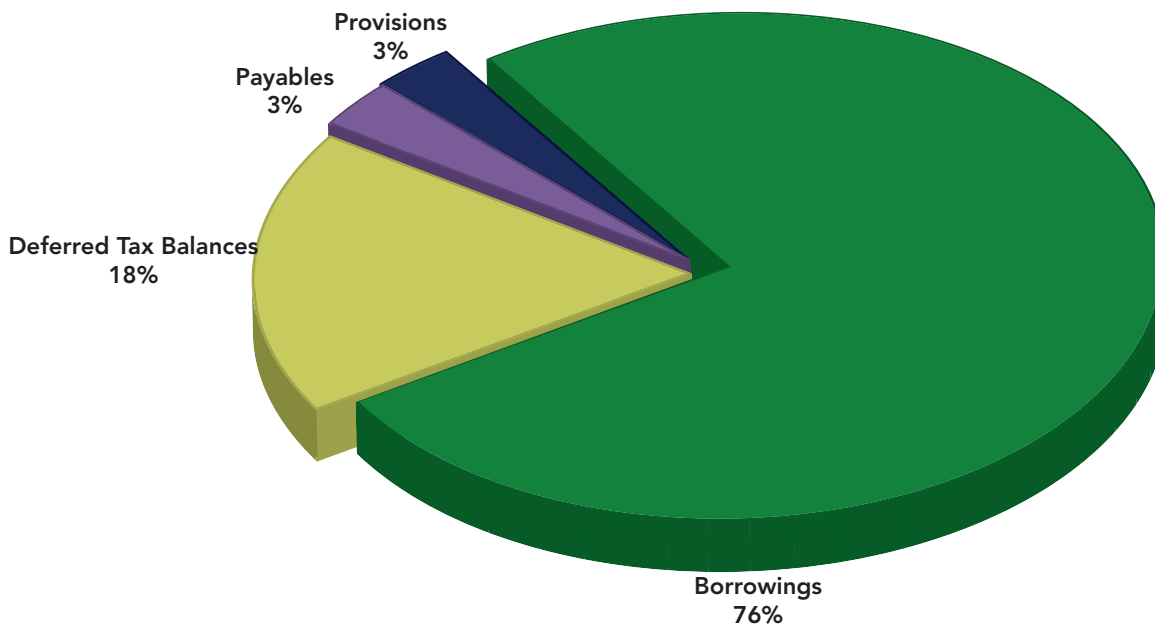
The major components are as follows:

- Icon Water has a book value investment of \$2.2b in property, plant and equipment. This mainly consists of Icon Water's water and sewerage infrastructure assets.
- Icon Water has an investment of \$950.5m in the ActewAGL Joint Venture that operates in the energy sector. The energy business consists of two separate operations, energy retailing and distribution.

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 2016



The major components are as follows:

- Outstanding borrowings at 30 June 2016 are \$1.5b, an increase of \$44.9m in the current financial year.
- Deferred tax (net) liability at 30 June 2016 of \$372.4m. This amount is mainly due to the tax effect of past revaluation increases to water and sewerage infrastructure assets and the investment in the ActewAGL Joint Venture.

Payments to the ACT Government

Payments to the ACT Government during 2015–16 were \$84.2m as dividends and \$50.4m 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 2016

Icon Water Limited and Controlled Entities

ABN 86 069 381 960

Financial Report for the year ended 30 June 2016

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Icon Water Limited (Icon Water) is an unlisted public company with assets and investments in water, sewerage, electricity and gas. Icon Water is owned by the ACT Government and has two voting shareholders: the Chief Minister and Deputy Chief Minister of the ACT.

Icon Water, through its wholly owned subsidiaries, is also a 50% partner in ActewAGL. ActewAGL consists of two partnerships, ActewAGL Distribution Partnership and ActewAGL Retail Partnership.

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) for the year ended 30 June 2016.

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 B Easson AM, Chair
PhD, MSc, BA (Hons), FAICD, FRICS

Dr Michael Easson has been a director of Icon Water since 1995 and Deputy Chair from May 1996 until appointed as Chair.

Dr Easson was Acting Chair of the Icon Water Board from 1 July 2013 and was appointed as Chair in March 2014. He is also Chair of Icon Distribution Investments Limited and Icon Retail Investments Limited, Chair of the ActewAGL Partnerships Board and Chair of the Icon Water Board's Remuneration Committee.

He has served on some of Australia's largest infrastructure and property boards and is presently Chair of EG Funds Management with \$2.4 billion in assets under management and an executive director of the building technology and documentation business, Ridley & Co. Dr Easson is currently the Chair of the Association of Superannuation Funds of Australia (ASFA) and Chair of ASFA's Policy Committee.

He has a PhD from the University of Melbourne, another 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 the Deputy Chair of Icon Distribution Investments Limited and Icon Retail investments Limited and a Member of the ActewAGL Partnerships Board. She is also the Deputy Chair of Icon Water's Remuneration Committee and Chair of ActewAGL's Safety and Risk Committee.

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 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

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 and a Member of Icon Water's Remuneration Committee. He is a Member of the ActewAGL Partnerships Board, the Water Services Association of Australia Board and the ACT and Region Catchment Management Coordination Group.

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.

Directors (continued)

*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 Risk and Assurance Committee and Remuneration Committee.

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 a director of Datacom Group Limited, non-executive director of Lockheed Martin Australia, Chair of the Canberra Raiders Board, President of Barnardos Canberra, Member of the Committee for Economic Development of Australia Board of Governors and Patron of ACT Cricket.

Dr Hawke holds a Bachelor of Science degree with first class honours and is a Doctor of Philosophy (ANU).

He 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 Risk and Assurance Committee and Remuneration Committee. She is also a Member of the Icon Distribution Investments and Icon Retail Investments Limited Boards.

She is Principal of peckvonhartel Pty Ltd. Ms Peck is Deputy Chair for the Australian Tapestry Workshop and a Member of the Australian Futures Project Advisory Board. 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 Fellow of the Australian Institute of Company Directors.

*Carol Lilley, Director
BCom, FCA, CIA, CGAP, GAICD*

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

Ms Lilley is a full time independent board director and Audit Committee Member. She 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.

Ms Lilley is currently Chair or Deputy Chair of several ACT Government Directorate Audit Committees (Chief Minister, Treasury and Economic Development; Education; Environment and Planning) as well as Chair of the Independent Oversight Group for the Schools for All Program. She also has various governance roles for Commonwealth Government entities (Member of the Department of Immigration & Border Protection's Audit Committee; Chair of National Film & Sound Archives' Audit Committee, independent management assurer for the Department of Finance's whole of government accounts, independent Board Member for Australian Financial Security Authority) as well as 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.

Directors (continued)

*Jennifer Goddard, Director
BCom (Hons)*

Jennifer Goddard was appointed to the Icon Water Board in November 2011 and is a Member of the Icon Water Board's Risk and Assurance Committee and Remuneration Committee.

Ms Goddard is an independent non-executive director who has served on the Boards of several Commonwealth and ACT Government organisations. She is currently a Member of the Audit Committee of the Murray-Darling Basin Authority.

During her prior twenty-five 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 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 Federal Budget, Council of Australian Governments and Cabinet processes.

*Dr Thomas Parry AM, Director
PhD, MEd, BEc (Hons)*

Dr Parry was first appointed to the Icon Water Limited Board on 16 November 2015 and is a Member of the Icon Water Board's Remuneration Committee.

Dr Parry was Foundation Chair of the Australian Energy Market Operator (2008-2015), is the former Chair of First State Super Trustee Corporation (2000–2014) and former Chair of the Sydney Water Corporation (2006–2013).

From 2004-2009 he had several roles with Macquarie Bank and for the previous 12 years he was the Foundation Executive Chair of the Independent Pricing and Regulatory Tribunal of NSW (IPART), and its predecessor for Government Pricing Tribunal - the first utility regulator in Australia. He has been the Head of the School of Economics, University of New South Wales and Dean, Faculty of Commerce, University of Wollongong.

Dr Parry is currently a director of ASX-Compliance (the regulatory arm of the Australian Securities Exchange), a director of Powerco Limited (New Zealand) and a director of the Brisbane Airport Corporation Pty Limited.

Dr Parry has extensive experience in corporate governance in the private and government sectors, regulatory and financial experience and substantial exposure to the water and energy industries.

Dr Parry has a Bachelor of Economics (Hons) and Masters of Economics from the University of Sydney and a PhD from the University of London (London School of Economics).

Dr Parry was awarded an Order of Australia (AM) in 2008.

Company Secretary

*Craig Richardson
BA, MBA, MAICD*

Craig Richardson was appointed company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in May 2014. 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 holds a Bachelor of Arts and a Master of Business Administration and is a member of the Australian Institute of Company Directors.

*Jane Breaden
MSc, MMgsST, BBus, GCPProfWrtg, GCPerfAudt*

Jane Breaden, General Manager Business Services, was appointed alternate company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in July 2014. Ms Breaden 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 Breaden 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.

Company Secretary (continued)

Lisa Quinn
 DipMan, GAICD

Lisa Quinn, Manager Customer and Community Affairs, was appointed alternate company secretary of Icon Water Limited in June 2015. Ms Quinn joined Icon Water in 2009 and is a customer service and complaints management professional with over 25 years' experience managing all facets of customer service, communications and corporate service functions. Ms Quinn holds a Diploma of Management, is a Graduate of the Australian Institute of Company Directors and a director of the Society of Consumer Affairs Professionals (SOCAP).

Meetings of directors

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

	Icon Water Board meetings		Risk and Assurance Committee ¹		Remuneration Committee Meetings		Nomination Committee Meetings ²	
	A	B	A	B	A	B	A	B
Dr Michael Bernard Easson AM	8	8	-	-	3	3	-	-
Wendy Caird	8	8	-	-	3	3	-	-
John Knox	8	8	-	-	3	3	-	-
Dr Allan Douglas Hawke AC	6	8	5	5	3	3	-	-
Rachel Sarah Hartel Peck	8	8	4	4	3	3	-	-
Carol Jean Lilley	6	8	5	5	3	3	-	-
Jennifer Lois Goddard	8	8	5	5	3	3	-	-
Dr Thomas Parry AM	3	4	-	-	1	2	-	-

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, Icon Distribution Investments Limited and Icon Retail Investments Limited, is also a 50% partner in ActewAGL.

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).

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.

¹ In 2014-2015 Icon Water had an Audit and Risk Management Committee (ARMC) and a Safety and Environment Committee (SEC). The SEC (last met on 3 June 2015) function's were merged with the ARMC (last meeting held 26 August 2015) into a new Risk and Assurance Committee. The Risk and Assurance Committee held its first meeting on 11 November 2015.

² No meetings were held for the Nomination Committee in 2015-2016 and it was officially disbanded on 27 November 2015 by the Board with any nomination functions absorbed into the Board's responsibilities.

Review of operations

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

	2016 \$'000	2015 \$'000
Revenue and other income	350,126	320,686
Share of net profit from joint venture partnerships	100,167	101,078
Total revenue and share of net profit from ActewAGL partnerships	<u>450,293</u>	<u>421,764</u>
Profit before income tax expense	172,953	140,322
Income tax equivalents expense	(50,619)	(42,615)
Profit for the year	<u>122,334</u>	<u>97,707</u>
Payments to ACT Government:		
Interim dividend for current year profit	60,378	70,107
Final dividend for previous year profit	23,808	18,071
	<u>84,186</u>	<u>88,178</u>
Tax equivalent payments	50,383	43,739
Total payments to the ACT Government	<u>134,569</u>	<u>131,917</u>

Dividends

A final dividend for the 2014-2015 financial year was paid in October 2015 of \$23.8 million (2015: \$18.1 million). An interim dividend of \$60.4 million (2015 interim dividend: \$70.1 million) was paid in June 2016. The directors expect to declare a 2015-2016 final dividend of \$19.7 million (2014-2015 final dividend: \$23.8 million).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

From 1 July 2016, Icon Water has committed to selling its High Security water licences and has commenced an active program to locate a buyer.

Other than the matter noted above, no other circumstances have arisen since 30 June 2016 that have significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- 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 2015-2016 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 2015-2016.

	Compliance	
	2015-2016	Target
Googong pollution control licence compliance	100%	100%
Sewerage treatment discharge compliance	100%	100%
Sewerage treatment 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.

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 2014-2015 annual report to the EPA on 29 October 2015. Icon Water complied with the requirements of the licence throughout 2015-2016. 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 provided notification reports to the Health Directorate throughout 2015-2016.

Insurance of officers and directors

During the year, Icon Water paid a premium of \$145,903 (2015: \$150,960) in respect of a contract insuring the directors and officers of Icon Water and its controlled entities.

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 directors' Icon Water service.

Indemnity of officers and directors

Icon Water has indemnified directors and officers of Icon Water and its controlled entities 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 12.

Rounding of amounts

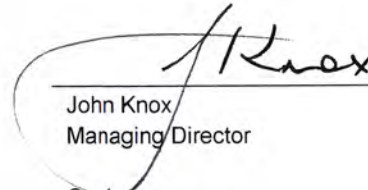
In accordance with Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, all amounts in this report and the financial statements have been rounded to the nearest thousand dollars unless otherwise specifically stated.

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



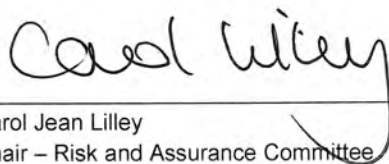
Dr Michael Bernard Easson AM
Chair

Canberra
25 August 2016



John Knox
Managing Director

Canberra
25 August 2016



Carol Jean Lilley
Chair – Risk and Assurance Committee

Canberra
25 August 2016

In the directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 61 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 2016 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.



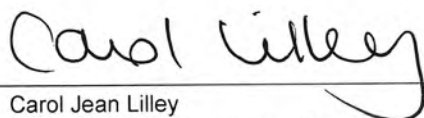
Dr Michael Bernard Easson AM
Chair

Canberra
25 August 2016



John Knox
Managing Director

Canberra
25 August 2016



Carol Jean Lilley
Chair – Risk and Assurance Committee

Canberra
25 August 2016

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 2016 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, then they are advised to refer to the printed copy of the audited financial report to confirm the accuracy of this electronically presented information.

Independence

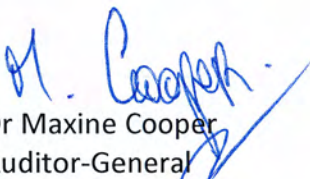
Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

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 at 30 June 2016 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
20 August 2016

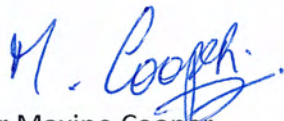
Board of Directors
Icon Water Limited
ActewAGL House
40 Bunda Street
CANBERRA CITY ACT 2601

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
FINANCIAL REPORT OF ICON WATER LIMITED
FOR THE YEAR ENDED 30 JUNE 2016**

In relation to the audit of the financial report of Icon Water Limited and Controlled Entities for the year ended 30 June 2016, 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
25 August 2016

Icon Water Limited and Controlled Entities
Consolidated statement of profit or loss
For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Revenue	3	308,424	290,569
Cost of providing goods and services	4b	(210,574)	(214,348)
Other income	4a	40,032	28,067
Operating profit		137,882	104,288
Finance income	4c	1,670	2,050
Finance costs	4c	(66,153)	(66,777)
Finance costs – net		(64,483)	(64,727)
Impairment losses		(613)	(317)
Share of net profit of joint venture partnerships accounted for using the equity method		100,167	101,078
Profit before income tax equivalents expense		172,953	140,322
Income tax equivalents expense	5a	(50,619)	(42,615)
Profit for the year		122,334	97,707
Profit is attributable to:			
Owners of Icon Water Limited and Controlled Entities		122,334	97,707

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Icon Water Limited and Controlled Entities
Consolidated statement of other comprehensive income
For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Profit for the year		122,334	97,707
Other comprehensive income			
Revaluation of Property Plant and Equipment in the ActewAGL investment	7e	-	241,397
Land and buildings revaluation decrement	8b	(217)	-
Intangibles revaluation increments	8c	12,500	4,412
Income tax relating to components of other comprehensive income	5a	(3,685)	(73,742)
Items that will not be reclassified subsequently to profit or loss	9b	8,598	172,067
Total comprehensive income for the year		130,932	269,774

The above consolidated statement of other 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 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7a	36,536	51,558
Held-to-maturity investments	7b	18,000	17,000
Trade and other receivables	7c	63,742	58,004
Inventories	8a	3,956	3,914
Held-for-sale assets	7d	-	2,700
Total current assets		<u>122,234</u>	<u>133,176</u>
Non-current assets			
Receivables	7c	15,763	5,650
Investments accounted for using the equity method	7e	950,512	918,845
Property, plant and equipment	8b	2,180,203	2,134,461
Intangible assets	8c	40,126	23,020
Total non-current assets		<u>3,186,604</u>	<u>3,081,976</u>
Total assets		<u>3,308,838</u>	<u>3,215,152</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7f	62,952	68,224
Borrowings	7g	23,247	81,501
Provisions	8d	48,860	53,533
Total current liabilities		<u>135,059</u>	<u>203,258</u>
Non-current liabilities			
Borrowings	7g	1,512,825	1,409,719
Provisions	8d	11,514	15,557
Other payables	7f	523	593
Deferred tax balances	8e	372,380	360,749
Total non-current liabilities		<u>1,897,242</u>	<u>1,786,618</u>
Total liabilities		<u>2,032,301</u>	<u>1,989,876</u>
Net assets		<u>1,276,537</u>	<u>1,225,276</u>
EQUITY			
Contributed equity	9a	758,871	758,871
Reserves	9b	408,788	400,190
Retained profits	9c	108,878	66,215
Total equity		<u>1,276,537</u>	<u>1,225,276</u>

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 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers		317,377	306,650
Payments to suppliers		<u>(169,005)</u>	<u>(166,166)</u>
		148,372	140,484
Interest received		1,723	2,041
Insurance recoveries		-	2,400
Income tax equivalents paid		(50,383)	(43,739)
Interest paid		<u>(69,065)</u>	<u>(70,488)</u>
Net cash inflow from operating activities		<u>30,647</u>	<u>30,698</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(68,931)	(48,584)
Payments for intangible assets		(3,043)	(914)
Proceeds from sale of assets		19	3,549
Joint venture partnership distributions received		68,500	56,500
Proceeds from disposal of intangibles (held-for-sale and other)		-	11,927
Payments for cash investments	7b	<u>(1,000)</u>	<u>(10,039)</u>
Net cash (outflow) / inflow from investing activities		<u>(4,455)</u>	<u>12,439</u>
Cash flows from financing activities			
Proceeds from borrowings		247,589	60,341
Repayment of borrowings		(204,516)	(16,224)
Finance lease payments		(101)	(63)
Dividends paid	6	<u>(84,186)</u>	<u>(88,178)</u>
Net cash outflow from financing activities		<u>(41,214)</u>	<u>(44,124)</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		<u>51,558</u>	<u>52,545</u>
Cash and cash equivalents at end of the financial year	7a	<u>36,536</u>	<u>51,558</u>

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.

Icon Water Limited and Controlled Entities
Consolidated statement of changes in equity
For the year ended 30 June 2016

Notes	Capital \$'000	Retained earnings \$'000	General insurance reserve \$'000	Property, plant and equipment revaluation reserve \$'000	Total equity \$'000
Balance at 1 July 2014	758,871	62,423	9,820	218,303	1,049,417
Profit for the year	-	97,707	-	-	97,707
Other comprehensive income	-	-	-	172,067	172,067
Total comprehensive income for the year	-	97,707	-	172,067	269,774
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	(93,915)	-	-	(93,915)
Balance at 30 June 2015	758,871	66,215	9,820	390,370	1,225,276
Balance at 1 July 2015	758,871	66,215	9,820	390,370	1,225,276
Prior period error	-	368	-	-	368
Restated total equity at the beginning of the financial year	758,871	66,583	9,820	390,370	1,225,644
Profit for the year	-	122,334	-	-	122,334
Other comprehensive income	-	-	-	8,598	8,598
Total comprehensive income for the year	-	122,334	-	8,598	130,932
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	(80,039)	-	-	(80,039)
Balance at 30 June 2016	758,871	108,878	9,820	398,968	1,276,537

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

Notes to the consolidated financial statements

How the numbers are calculated

1. Significant accounting policies
2. Segment information
3. Revenue
4. Other income and expense items
5. Income tax equivalents expense
6. Dividends
7. Financial assets and financial liabilities
8. Non-financial assets and liabilities
9. Equity

Group structure

10. Investment in controlled entities
11. Interests in joint ventures
12. Parent entity financial information

Unrecognised items

13. Contingencies
14. Commitments for expenditure
15. Events occurring after the reporting period

Key management personnel and related party disclosures

16. Key management personnel disclosures
17. Related party transactions

How the numbers are calculated

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- Accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction.
 - Analysis and sub-totals, including segment information.
 - Information about estimates and judgements made in relation to particular items are included in the notes.
-
1. Significant accounting policies
 2. Segment information
 3. Revenue
 4. Other income and expense items
 5. Income tax equivalents expense
 6. Dividends
 7. Financial assets and financial liabilities
 8. Non-financial assets and liabilities
 9. Equity

1. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and in the relevant notes. 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) *Early adoption of standards*

The directors have elected under s334(5) of the *Corporations Act 2001* to early adopt Australian Accounting Standard *AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101* in the current year, even though the Standard is not required to be adopted until annual reporting period beginning on or after 1 January 2016. The early adoption of these amendments has no material impact on the financial position or performance of the Group.

(ii) *New and amended standards adopted by the Group*

The adoption of all new standards, amendments to standard interpretations that were issued prior to sign off date and are applicable to future financial reporting period are not expected to have a material impact.

(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) *Going Concern*

The consolidated financial statements have been prepared on a going concern basis. At 30 June 2016, current liabilities exceeds current assets by \$12.8 million. This deficiency in current assets is able to be managed by the ability to generate profits (as evidenced by current and prior year results) and access to funds if required to overcome short-term requirements. The directors of Icon Water are of the opinion that the Group has adequate resources to continue as a going concern and pay its debts as and when they fall due and payable.

b) Business Activity

On 28 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. Icon Water, through its wholly owned subsidiaries, is also a 50% partner in ActewAGL. ActewAGL consists of two partnerships, ActewAGL Distribution Partnership and ActewAGL Retail 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.

1. Significant accounting policies (continued)

c) Rounding of amounts

The company is of a kind referred to in Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

d) Goods and Services Tax (GST)

Revenues, expenses, assets other than receivables, and liabilities other than payables are recognised exclusive of GST. Receivables and payables are stated inclusive of the amount of GST payable and receivable.

2. Segment information

Description of segments and principle activities

Management has determined the operating segments that are used to make strategic decisions. The business segments are:

- (i) 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.
- (ii) Sewerage - The provision of sewerage services and maintenance of sewage treatment plants.
- (iii) Investments - This segment includes activities of the controlled entities, and investing activities of the parent company.

All business segments operate in one geographic segment, the Australian Capital Territory and surrounding area.

Primary reporting - business segments

Year ended 30 June 2016

	Water \$'000	Sewerage \$'000	Investments ¹ \$'000	Unallocated \$'000	Consolidated \$'000
Statement of profit or loss					
Sales to external customers including share of net profit of joint venture partnerships	186,481	121,943	100,167	-	408,591
Other revenue	2,751	12,030	-	1,670	16,451
Gifted assets	13,027	12,224	-	-	25,251
Total segment revenue	202,259	146,197	100,167	1,670	450,293
Interest Expense	-	-	-	66,153	66,153
Segment result before tax expense	83,828	54,098	99,510	(64,483)	172,953
Income tax equivalents expense					50,619
Profit for the year					<u>122,334</u>
Statement of Financial Position					
Segment assets	1,440,242	856,701	957,263	54,632	3,308,838
Segment liabilities	173,805	170,066	147,416	1,541,014	2,032,301
Investments in joint venture partnerships	-	-	950,512	-	950,512
Other					
Acquisition of property, plant and equipment (including gifted assets)	50,266	53,278	-	-	103,544
Depreciation and amortisation	29,893	20,821	-	-	50,714
Impairment of assets	495	118	-	-	613

¹ Investments include 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.

2. Segment information (continued)

Primary reporting - business segments

Year ended 30 June 2015

	Water \$'000	Sewerage \$'000	Investments ¹ \$'000	Unallocated \$'000	Consolidated \$'000
Statement of profit or loss					
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	-	-	-	66,777	66,777
Segment result before tax expense	60,532	44,699	99,818	(64,727)	140,322
Income tax equivalents expense					42,615
Profit for the year					<u>97,707</u>
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 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

Accounting policy

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.

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, as this type of activity is managed by a central treasury function, which manages the cash position of the Group.

¹ Investments include 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.

3. Revenue

	2016 \$'000	2015 \$'000
Water revenue	186,481	173,858
Sewerage revenue	121,943	116,711
	308,424	290,569

Accounting policy

Water and Sewerage services provided

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

Critical Accounting Estimate

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 30 June 2016 accrual amount was \$16.5 million (30 June 2015: \$17.1 million).

4. Other income and expense items

This note provides a breakdown of the items included in 'other income', 'finance income and costs' and an analysis of expenses by nature.

a) Other income

	2016 \$'000	2015 \$'000
Commonwealth subvention	11,401	11,123
Contributed assets	25,251	10,598
Regulated income	1,136	1,608
Other income (i)	2,244	4,738
	40,032	28,067

- (i) Other income in 2015-2016 relates to lease income from Fyshwick premises. In 2014-2015 other income related to lease income as well as insurance claim recoveries.

Accounting Policy

Commonwealth subvention

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. This is recognised as revenue in the statement of profit or loss at fair value where there is reasonable assurance that the grant will be received.

Contributed assets

Revenue is recognised when the Group initially gains control of the asset and the amount of the contribution can be measured reliably. Contributed assets are initially measured at replacement cost. Refer to Note 8(b).

4. Other income and expense items (continued)

b) Breakdown of expenses by nature

	2016 \$'000	2015 \$'000
Cost of providing goods and services		
Employment and associated costs	56,264	62,553
Depreciation and amortisation expense	50,714	43,662
Operational costs	88,343	85,866
Consumables used	8,139	8,182
Other expenses	7,114	14,085
	<u>210,574</u>	<u>214,348</u>

c) Finance income and costs

	2016 \$'000	2015 \$'000
Finance income		
Interest from financial assets not at fair value through profit or loss	<u>1,670</u>	<u>2,050</u>
Finance income	<u>1,670</u>	<u>2,050</u>
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	71,072	70,714
Provisions: unwinding of discount	<u>583</u>	<u>696</u>
	<u>71,655</u>	<u>71,410</u>
Amount capitalised	<u>(5,502)</u>	<u>(4,633)</u>
Finance costs expensed	<u>66,153</u>	<u>66,777</u>
Net finance costs	<u>64,483</u>	<u>64,727</u>

Accounting Policy

Finance income

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.

Finance 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. Other borrowing costs are expensed.

5. Income tax equivalents expense

- a) The income tax equivalents, calculated at 30% on taxable profit differs from the amount calculated based on the accounting profit. The differences are reconciled as follows:

Income tax equivalents expense

	2016	2015
	\$'000	\$'000
Current Tax		
Current tax equivalents expense recognised in the current year	44,210	53,039
Adjustment to prior year (i)	(1,538)	6,198
Current tax equivalents expense recognised in respect of prior period adjustments	-	(13,285)
	<u>42,672</u>	<u>45,952</u>
Deferred tax		
Deferred tax equivalents expense recognised in the current year	7,629	555
Adjustments of deferred tax for prior periods (i)	318	(3,892)
	<u>7,947</u>	<u>(3,337)</u>
Income tax equivalents expense	<u>50,619</u>	42,615
Current tax – credited directly to equity	3,685	73,742
	<u>54,304</u>	<u>116,357</u>

b) Numerical reconciliation of income tax equivalents to prima facie tax payable

	2016	2015
	\$'000	\$'000
Profit from continuing operations before income tax expense	172,953	140,322
Tax at the Australian tax rate of 30% (2014-2015: 30%)	51,886	42,097
Other items:		
– Inter-company dividends	(144)	(1,444)
– Non-deductible expenses	(610)	200
– Previously unrecognised temporary differences (ii)	-	675
– Share of Joint Venture profits and partner share of profits	(21)	(17)
– Adjustments for income tax expense of prior periods (i)	10	2,306
– Other	(502)	(1,202)
Income tax equivalents expense	<u>50,619</u>	<u>42,615</u>

- (i) Adjustment to prior year for the current period relates to differences between the 2014-2015 financial statements and the 2014-2015 Income tax return. The net adjustment of the current and deferred tax is \$1.2 million.
- (ii) Previously unrecognised temporary differences relates to the difference between the accounting and tax treatment of the finance lease held.

5. Income tax equivalents expense (continued)

Accounting policy

National Tax Equivalents Regime

Icon Water and its controlled entities are established as a Territory Owned Corporation hence Icon Water and its controlled entities are 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.

Tax consolidation legislation

Icon Water and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation whereby they are part of a tax consolidated group. 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.

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.

6. Dividends

	2016 \$'000	2015 \$'000
At the beginning of the financial year	23,808	18,071
Amount appropriated from operating profit	<u>80,039</u>	<u>93,915</u>
	103,847	111,986
Amount paid during the year	<u>(84,186)</u>	<u>(88,178)</u>
At the end of the financial year	<u><u>19,661</u></u>	<u><u>23,808</u></u>

Accounting policy

Provision is made for the amount of any dividend declared being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

7. Financial assets and financial liabilities

a) Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Current assets		
Cash at bank and on hand	6,536	10,558
Short term deposits	<u>30,000</u>	<u>41,000</u>
	<u>36,536</u>	<u>51,558</u>

Accounting policy

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

b) Held-to-maturity investments

	2016	2015
	\$'000	\$'000
Current assets		
Short-term securities	<u>18,000</u>	<u>17,000</u>
	<u>18,000</u>	<u>17,000</u>

Accounting policy

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 then the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets with maturities of less than 12 months from the end of the reporting period are classified as current assets.

c) Trade and other receivables

	2016			2015		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Water revenue receivables	36,168	-	36,168	30,579	-	30,579
Sewerage revenue receivables	11,642	-	11,642	9,620	-	9,620
Other trade receivables (i)	2,766	-	2,766	3,323	-	3,323
Allowance for impairment of receivables (iv)	<u>(641)</u>	<u>-</u>	<u>(641)</u>	<u>(698)</u>	<u>-</u>	<u>(698)</u>
	<u>49,935</u>	<u>-</u>	<u>49,935</u>	<u>42,824</u>	<u>-</u>	<u>42,824</u>
Accrued revenue (ii)	3,325	-	3,325	3,074	-	3,074
Prepayments (iii)	3,732	14,742	18,474	4,004	3,334	7,338
Employee entitlement receivable – related parties	6,750	-	6,750	8,102	-	8,102
Other (iv)	-	1,021	1,021	-	2,316	2,316
	<u>63,742</u>	<u>15,763</u>	<u>79,505</u>	<u>58,004</u>	<u>5,650</u>	<u>63,654</u>

- (i) These amounts generally arise from transactions outside the principal operating activities of the Group.
- (ii) Accrued revenue consists mostly of accrued community service obligations revenue for the June quarter of \$1.6 million. In addition, there is \$0.6 million for a receivable from ActewAGL Joint Venture in respect of the Comcare provision. Refer to Note 8(d).
- (iii) This includes a prepayment of carbon credits of \$6.8 million and a prepayment relating to the Core System Replacement Program project of \$2.2 million.

7. Financial assets and financial liabilities (continued)

c) Trade and other receivables (continued)

(iv) This includes a receivable of \$1.0 million from ActewAGL Joint Venture in respect to the Comcare provision. Refer to Critical Accounting Estimate in Note 8(d).

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

	2016 \$'000	2015 \$'000
At the beginning of the financial year	698	1,135
Impairment losses reversed	(39)	(203)
Receivables written off during the year as uncollectible	(18)	(234)
At the end of the financial year	641	698

Movements in the allowance for impaired receivables have been included in 'other expenses' in the statement of profit or loss.

Accounting policy

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. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss.

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.

Employee entitlement receivable

A number of employees of Icon Water have been seconded to the joint venture partnerships. A receivable from the joint venture partnerships is recognised as employee entitlements are reimbursed to Icon Water for these seconded employees.

Carbon credits prepayment

Icon Water is required to offset carbon emissions generated during the construction and operation of the Water Security Major Project assets. Icon Water has made payments for carbon credits associated with these emissions which will be received in the future.

d) Held-for-sale assets

	2016 \$'000	2015 \$'000
Current assets		
Water licences	-	2,700
	-	2,700

At 30 June 2015, Icon Water determined that the General Security class of water licences were to be classified as held-for-sale as they were to be recovered principally through a sale transaction rather than continuing use. Icon Water did not hold any assets for sale at 30 June 2016.

From 1 July 2016 Icon Water has committed to selling its High Security water licences (refer Note 15).

7. Financial assets and financial liabilities (continued)

e) Investments accounted for using the equity method

	2016 \$'000	2015 \$'000
Current assets		
Interest in joint venture partnerships	<u>950,512</u>	<u>918,845</u>
	<u>950,512</u>	<u>918,845</u>

Accounting policy

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 Australian Accounting Standard *AASB 11 Joint Arrangements* and concluded them to be joint ventures. The interests in the joint venture partnerships are accounted for using the equity method.

Under the equity method, the share of the profit and losses of partnerships is recognised in the statement of profit or loss. 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.

Critical Accounting Estimate

Revaluation of property, plant and equipment within the ActewAGL Investment

Icon Water 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. This revaluation occurs within Icon Distribution Investments Limited, and there is an immaterial impact on Icon Retail Investments Limited (Refer Note 8b).

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

- the discounted cash flow valuation relies on ActewAGL Distribution Partnership's cash flow forecasts, after taking into account the Australian Energy Regulator's final determination.
- operating and capital expenditure is based on ActewAGL Distribution Partnership's assumptions.
- the market based post-tax nominal discount rate used is 5.11%.

Similar to the water and sewerage fair value assessment, the discounted cash flow method used is 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 \$5.9 million.

Due to the highly sensitive market based nominal discount rate used in discounted cash flow models, Icon Water implemented a materiality policy to assist in determining whether revaluation increments or decrements will be recognised in any one year for ActewAGL Distribution Partnership plant and equipment.

The valuation exercise for the year ending 30 June 2016 resulted in the difference in the valuation compared to the carrying values being less than 10% for ActewAGL Distribution Partnership property, plant and equipment assets. As this was below Icon Water's materiality threshold of 10% and there was no other evidence to suggest it was material, no adjustment was necessary to the value of the property, plant and equipment within the ActewAGL Investment at 30 June 2016 (30 June 2015: revaluation increment of \$241.4 million). Refer Note 9(b).

7. Financial assets and financial liabilities (continued)

f) Trade and other payables

	2016			2015		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Trade payables	5,219	-	5,219	3,972	-	3,972
Other payables and accruals (i)	44,960	523	45,483	37,881	593	38,474
Income tax equivalents payable	7,450	-	7,450	17,960	-	17,960
Unearned revenue	5,323	-	5,323	8,411	-	8,411
	62,952	523	63,475	68,224	593	68,817

(i) Other payables and accruals include the non-current finance lease liability. Finance lease commitments are detailed in Note 14.

Accounting policy

Trade 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.

Other payables and accruals - seconded staff

Icon Water has a number of staff seconded from ActewAGL. Icon Water is charged the employee related expenses relating to these staff.

Other payables and accruals - leases

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 statement of profit or loss when incurred.

7. Financial assets and financial liabilities (continued)

g) Borrowings

	2016 \$'000	2015 \$'000
Unsecured loans	<u>1,536,072</u>	<u>1,491,220</u>
	<u>1,536,072</u>	<u>1,491,220</u>

At 30 June 2016 the total principal outstanding was \$1,536.1 million (30 June 2015: \$1,491.2 million) consisting of a \$23.2 million (30 June 2015: \$81.5 million) current liability and a \$1,512.8 million (30 June 2015: \$1,409.7 million) non-current liability. Icon Water maintains a balanced portfolio consisting of a capital indexed bond (CIB), two CPI linked indexed annuity bonds (IAB) and four medium term notes (MTN).

Instrument	Balance (million)	Yield	Maturity (years)	Start Date	Maturity Date
CIB	\$281.3	3.72	14	17 June 2010	17 June 2030
IAB	\$104.3	3.89	4	17 April 2000	17 April 2020
IAB	\$415.1	3.01	32	12 June 2008	12 June 2048
MTN	\$298.9	5.72	2	7 June 2011	7 June 2018
MTN	\$214.6	4.33	4	22 May 2012	22 May 2020
MTN	\$98.6	4.22	8	22 May 2014	22 May 2024
MTN	\$123.3	2.66	10	23 May 2016	21 May 2026
Total	\$1,536.1				

Accounting policy

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

Capital Index Bonds are adjusted quarterly based on the Consumer Price Index (CPI). The adjustment is made to the principal of the loan and an expense is recognised in the period of the adjustment depending on the terms of the loan. For Indexed Annuity Bonds, only the interest and principal repayments are affected by CPI, the principal of the loan remains unaffected by CPI.

Borrowing costs incurred for the construction of qualifying assets are capitalised in accordance with the accounting policy in Note 4c.

7. Financial assets and financial liabilities (continued)

h) Accounting policy relating to investments and other financial assets

Accounting policy

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.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised and derecognised on a trade date basis, that is, 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 statement of profit or loss. 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.

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 statement of profit or loss as part of revenue from 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. 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 statement of profit or loss. Where there are no equity reserves in respect to the financial asset, the full impairment is recognised as an expense in profit or loss.

Icon Water assesses its assets 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 using a discounted cash flow model. When the recoverable value is materially less than the carrying value, the investment is considered impaired.

7. Financial assets and financial liabilities (continued)

h) Accounting policy relating to investments and other financial assets (continued)

Accounting policy

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 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.

The fair value of financial instruments that are not traded in an active market 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.

8. Non-financial assets and liabilities

a) Inventories

	2016	2015
	\$'000	\$'000
Current assets		
Finished goods for operational use	<u>3,956</u>	<u>3,914</u>
	<u>3,956</u>	<u>3,914</u>

Inventories consist of consumables such as spare system asset components, chemicals and fuel, and personal issue items for operational use.

The cost of consumables used and recognised as an expense during the year was \$8.1 million (2015: \$8.1 million).

Accounting Policy

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

8. Non-financial assets and liabilities (continued)

b) Property, plant and equipment

	Water \$'000	Sewerage \$'000	Infrastructure land & buildings \$'000	Non- infrastructure land & buildings \$'000	Plant and equipment at cost \$'000	Equipment under finance lease at cost \$'000	Total \$'000
At 1 July 2015							
Cost or fair value	1,457,518	918,118	12,812	34,644	3,629	812	2,427,533
Accumulated depreciation	(139,005)	(143,275)	(122)	(8,744)	(1,847)	(79)	(293,072)
Net book amount	1,318,513	774,843	12,690	25,900	1,782	733	2,134,461
Year ended 30 June 2016							
Opening net book amount	1,318,513	774,843	12,690	25,900	1,782	733	2,134,461
Additions	31,596	35,410	-	10,716	570	1	78,293
Depreciation charge	(27,661)	(17,647)	(13)	(1,164)	(654)	(33)	(47,172)
Gifted Assets	13,027	12,224	-	-	-	-	25,251
Retirement	(10,181)	-	-	(288)	(16)	-	(10,485)
Transfers/adjustments	74	(4,619)	(24)	(8)	(133)	-	(4,710)
Revaluations	-	-	2,456	(3,286)	-	-	(830)
Borrowing costs	2,911	2,182	-	302	-	-	5,395
Closing net book amount	1,328,279	802,393	15,109	32,172	1,549	701	2,180,203
As at 30 June 2016							
Cost or fair value	1,496,227	962,781	15,237	40,966	4,003	812	2,520,026
Accumulated depreciation	(167,948)	(160,388)	(128)	(8,794)	(2,454)	(111)	(339,823)
Net book amount	1,328,279	802,393	15,109	32,172	1,549	701	2,180,203

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

(ii) 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 14.

8. Non-financial assets and liabilities (continued)

b) Property, plant and equipment (continued)

Accounting policy

Acquisition of assets

The cost method of accounting is used for all acquisitions of property, plant and equipment assets. Cost is measured as the fair value of the assets received plus incidental costs directly attributable to the acquisition.

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

Plant and equipment – held at cost

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

Water and Sewerage assets – 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 the critical accounting estimate below.

Land and Building assets – valuation

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 2016 (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). This valuation resulted in a decrease of \$3.3 million to the value of non-infrastructure land and buildings and an increase of \$2.5 million to the value of infrastructure land and buildings.

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 highest and best use. Building assets have been valued with regard to the risk of physical and functional obsolescence. 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.

Accounting impact – changes to fair value

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. Refer to Note 9b.

8. Non-financial assets and liabilities (continued)

b) Property, plant and equipment (continued)

Accounting policy (continued)

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

Impairment

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.

Critical Accounting Estimate

Fair value assessment

Icon Water's water and sewerage infrastructure assets are held at fair value.

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 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 discounted cash flow 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 water sales consumption level forecast by Icon Water;
- operating and capital expenditure forecast by Icon Water;
- the market based nominal discount rate (post tax) used is 5.11%; and
- the terminal growth rate used is 2.5%.

8. Non-financial assets and liabilities (continued)

b) Property, plant and equipment (continued)

Critical Accounting Estimate (continued)

The discounted cash flow 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 \$5.7 million for water infrastructure assets and \$3.6 million for sewerage infrastructure assets.

Due to the highly sensitive market based nominal discount rate used in discounted cash flow 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 applies both qualitative and quantitative factors when determining whether a fair value adjustment is material.

The following quantitative thresholds for determination of materiality are used:

- an amount that is equal to or greater than 10% of the appropriate base amount may be presumed to be material unless there is evidence or convincing argument to the contrary;
- an amount that is less than 10% but greater than 5% of the appropriate base amount may be presumed not to be material where the weighted average cost of capital contributing to this amount is within a market-based range of acceptable weighted average cost of capital rates, unless there is evidence, or convincing argument, to the contrary; and
- an amount that is equal to or less than 5% 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. This includes all individual and collective transactions impacting a cash generating unit.

In addition to assessing quantitative movements in the value of the cash generating unit, 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 weighted average cost of capital rates used.

The valuation exercise for the year ending 30 June 2016, in line with Icon Water's materiality policy, resulted in the difference in the valuation compared to the carrying values being less than 5% for both water and sewerage infrastructure assets. As this was below the materiality threshold of 10% and there was no other qualitative evidence to suggest it was material, no adjustment was necessary to the value of assets at 30 June 2016.

8. Non-financial assets and liabilities (continued)

c) Intangible assets

	Computer software \$'000	Carbon credits \$'000	Water licences \$'000	Total \$'000
At 1 July 2015				
Cost or fair value	2,816	1,931	27,114	31,861
Accumulated amortisation and impairment	(718)	(1,931)	(6,192)	(8,841)
Net book amount	2,098	-	20,922	23,020
Year ended 30 June 2016				
Opening net book amount	2,098	-	20,922	23,020
Additions	3,331	1,874	-	5,205
Amortisation charge	(3,542)	-	-	(3,542)
Disposal	-	(1,874)	-	(1,874)
Borrowing costs	107	-	-	107
Transfer from property, plant and equipment	4,710	-	-	4,710
Revaluation	-	-	12,500	12,500
Closing net book amount	6,704	-	33,422	40,126
At 30 June 2016				
Cost	11,866	-	33,422	45,288
Accumulated amortisation and impairment	(5,162)	-	-	(5,162)
Net book amount	6,704	-	33,422	40,126

Accounting Policy

Water licences

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. Icon Water commenced purchases 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 do not have an end date and therefore 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.

Carbon credits

Carbon credits are recognised at cost when received and are subsequently measured at fair value. Carbon credits are subject to an annual impairment test and are disposed of when surrendered or sold.

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 asset's cost over the estimated useful life of 5 years.

8. Non-financial assets and liabilities (continued)

c) Intangible assets (continued)

Accounting Policy (continued)

Impairment

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.

For assets held at fair value a revaluation increase 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.

Critical Accounting Estimate

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 2016 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.

At 30 June 2015, Icon Water's General Security class of water licences were classified as 'held-for-sale' as its carrying amount was likely to be recovered principally through a sale transaction rather than through continuing use and was likely to be settled within the next 12 months.

The High Security class of water licences have been fair valued using the upper price limit of the observable prices in 2015-2016, resulting in an increase of \$12.5 million (2015: \$4.4 million) to the asset base, \$3.8 million (2015: \$1.3 million) to deferred tax liability and \$8.7 million (2015: \$3.1 million) to the asset revaluation reserve.

From 1 July 2016, Icon Water has committed to selling its High Security water licences and has commenced an active program to locate a buyer. These water licences form part of the water segment reported in Note 2.

Carbon credits

Icon Water committed in prior years to offset the carbon production associated with the construction and operation of the Water Security Major Projects. 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. Carbon credits received are recognised at their fair value.

Change in Accounting Policy

Carbon Credits

In 2014-2015, carbon credits were recognised at cost and subject to an impairment test. In 2015-2016, the accounting policy was changed and the carbon credits are now measured at fair value at year end under Australian Accounting Standard AASB 13 *Fair Value Measurement*. This is because an active market exists for carbon credits. This change did not have an impact in 2015-2016 as the assets were disposed of prior to year end and therefore were not required to be fair valued.

8. Non-financial assets and liabilities (continued)

d) Provisions

	2016			2015		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Employee entitlements	10,036	1,007	11,043	10,257	1,380	11,637
Employee entitlements – seconded employees	6,750	-	6,750	8,102	-	8,102
Provision for dividend	19,661	-	19,661	23,808	-	23,808
Provision for make good restorations	6,106	-	6,106	2,608	-	2,608
Other employee related provisions	4,382	3,552	7,934	6,213	6,009	12,222
Workers' compensation provisions	1,925	4,414	6,339	2,545	8,168	10,713
Carbon emissions	-	2,541	2,541	-	-	-
	48,860	11,514	60,374	53,533	15,557	69,090

Movements in provisions

Movements in each class of provision during the financial year, other than employee entitlements and provision for dividend (refer Note 6) are set out below:

	Other employee related provisions \$'000	Workers' compensation ¹ \$'000	Make good restoration \$'000	Carbon credits \$'000	Total \$'000
2016					
Carrying amount at the start of the year	12,222	10,713	2,608	-	25,543
Additional provisions recognised	4,351	143	3,300	4,382	12,176
Unused amounts reversed	(2,457)	(3,244)	-	-	(5,701)
Amounts used during the year	(6,182)	(1,640)	(18)	(1,841)	(9,681)
Unwinding of discount	-	367	216	-	583
Carrying amount at the end of the year	7,934	6,339	6,106	2,541	22,920

Accounting Policy

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.

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.

Carbon emissions

Icon Water is required to offset carbon emissions generated during the construction and operation of the Water Security Major Project assets. A provision is recognised for the emissions which have not been offset.

¹ Includes pre-1989 workers' compensation provisions.

8. Non-financial assets and liabilities (continued)

d) Provisions

Accounting Policy (continued)

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 Australian Accounting Standard 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.

Critical Accounting Estimate

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 2016, Icon Water has reviewed and updated the Comcare provisioning model based on independent external advice. The expected net present value of the payments over seven years is estimated at \$4.7 million, split between current and non-current. 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 7(c)). ActewAGL's obligation arises as a percentage of the staff under the Comcare scheme were seconded to the ActewAGL Partnerships prior to withdrawal from the scheme. Future changes in claims could change the Comcare provisioning model which can change the provisions and associated receivables recognised.

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. These amounts are included within other employee provisions. 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 2016, a provision has been recognised for current and prospective claims utilising a provision model developed by an independent expert. 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 13.

8. Non-financial assets and liabilities (continued)

e) Deferred tax balances

	2016	2015
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Distributions from ActewAGL Partnerships	33,959	26,896
Adjustment to prior year tax	(292)	(610)
Employee entitlements	(9,053)	(11,513)
Audit fees	(8)	(8)
Depreciation	229,264	230,678
Joint venture receivable – employee entitlements	2,024	2,430
Other	(155)	(80)
Asset revaluation	116,641	112,956
	<u>372,380</u>	<u>360,749</u>

8. Non-financial assets and liabilities (continued)

e) Deferred tax balances (continued)

Movements	Distributions from ActewAGL Partnerships \$'000	Adjustments 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
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 6)	-	-	-	-	-	-	-	73,742	73,742
At 30 June 2015	26,896	(610)	(11,513)	(8)	230,678	2,430	(80)	112,956	360,749
At 1 July 2015	26,896	(610)	(11,513)	(8)	230,678	2,430	(80)	112,956	360,749
Charges/(credited):									
– profit or loss	7,063	318	2,460	-	(1,414)	(406)	(75)	-	7,946
– directly to equity (Note 6)	-	-	-	-	-	-	-	3,685	3,685
At 30 June 2016	33,959	(292)	(9,053)	(8)	229,264	2,024	(155)	116,641	372,380

Accounting Policy

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 use those temporary differences and losses.

9. Equity

a) Share capital

	2016 Shares	2015 Shares	2016 \$'000	2015 \$'000
Ordinary shares - fully paid	2	2	758,871	758,871
Total contributed equity	2	2	758,871	758,871

(i) *Movements in ordinary share capital*

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

(ii) *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 2016 and 30 June 2015 were as follows:

	2016 \$'000	2015 \$'000
Total debt (Note 7g)	1,536,072	1,491,220
Total equity	<u>1,276,537</u>	<u>1,225,276</u>
	2,812,609	2,716,496
Gearing ratio	54.6%	54.9%

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

b) Reserves

	2016 \$'000	2015 \$'000
Asset revaluation reserve	398,968	390,370
General insurance reserve	<u>9,820</u>	<u>9,820</u>
Total reserves	408,788	400,190
Movements in reserves:	2016 \$'000	2015 \$'000
Asset revaluation		
At the beginning of the financial year	390,370	218,303
Revaluation – net of tax		
Investment	-	168,978
Property, plant and equipment	(152)	-
Intangibles	<u>8,750</u>	<u>3,089</u>
	8,598	172,067
At the end of the financial year	398,968	390,370

9. Equity (continued)

b) Reserves (continued)

Accounting Policy

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, previous reserves made for the environment and bushfires are now included in a general insurance reserve.

Asset revaluation reserve

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

c) Retained Earnings

Movements in retained earnings were as follows:

	2016 \$'000	2015 \$'000
At the beginning of the financial year	66,215	62,423
Prior period error	368	-
Profit for the year	122,334	97,707
Dividends (Note 6)	<u>(80,039)</u>	<u>(93,915)</u>
At the end of the financial year	<u>108,878</u>	<u>66,215</u>

Group structure

This section provides information which will help users understand how the group structure affects the financial position and performance of the group as a whole. In particular, there is information about interests in joint ventures.

A list of significant investments in subsidiaries is provided in Note 10. This note also discloses details about the group's equity accounted investments.

10. Investments in controlled entities
11. Interests in joint ventures
12. Parent entity financial information

10. Investment in controlled entities

Significant investments in subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2016	2015
			%	%
Icon Distribution Investments Limited	Australia	Ordinary	100	100
Icon Retail Investments Limited	Australia	Ordinary	100	100

Accounting policy

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of Icon Water and its controlled entities as at 30 June 2016 and the results for the period then ended.

Australian Accounting Standard *AASB 10 Consolidated Financial Statements* 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 on consolidation.

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.

11. Interests in joint ventures

a) Joint venture partnership - ActewAGL Partnerships

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 below and is set out as follows:

	2016	2015
	\$'000	\$'000
Share of partnership's commitments		
Lease commitments	27,021	29,644
Capital and other commitments	9,138	8,922
	36,159	38,566

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. At 30 June 2016, there have been no transactions within ActewAGL Generation Pty Ltd.

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 \$12,500 at 30 June 2016 (30 June 2015: nil).

(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 \$2.4 million at 30 June 2016 (30 June 2015: \$2.4 million).

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

11. Interests in joint ventures (continued)

Accounting policy

Principles of consolidation

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 Australian Accounting Standard *AASB 11 Joint Arrangements* and concluded them to be joint ventures. The interests in the joint venture partnerships are accounted for using the equity method.

Under the equity method, the share of the profit and losses of partnerships is recognised in the statement of profit or loss. 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.

Property, plant and equipment assets in the ActewAGL Distribution Partnership are re-valued to fair value to align with the Group's accounting policy on valuation of property, plant and equipment using fair value. This is performed by applying a director's valuation based on future discounted cash flows.

The property, plant and equipment assets in the ActewAGL Distribution Partnership were last adjusted to fair value in 2015.

The valuation exercise for the year ending 30 June 2016 resulted in the difference in the valuation compared to the carrying values being less than 10% for ActewAGL Distribution Partnership property, plant and equipment assets. As this was below Icon Water's materiality threshold of 10% and there was no other evidence to suggest it was material, no adjustment was necessary to the value of the property, plant and equipment within the ActewAGL Investment at 30 June 2016.

12. Parent entity financial information

a) Summary financial information

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

	2016 \$'000	2015 \$'000
Balance sheet		
Current assets	216,064	233,462
Total assets	<u>2,989,815</u>	<u>2,902,438</u>
Current liabilities	134,801	203,228
Total liabilities	<u>1,904,733</u>	<u>1,868,135</u>
Net assets	<u>1,085,082</u>	<u>1,034,303</u>
Shareholders' equity		
Contributed equity	758,871	758,871
Reserves		
Asset revaluation	190,265	181,667
General insurance	9,820	9,820
Retained earnings	<u>126,126</u>	<u>83,945</u>
	<u>1,085,082</u>	<u>1,034,303</u>
Profit for the year	121,853	97,229
Total comprehensive income	130,451	100,317

12. Parent entity financial information (continued)

b) Guarantees entered into by the parent entity

The parent entity bank guarantees at 30 June 2016 are nil (30 June 2015: nil).

c) Contingent liabilities of the parent entity

The parent entity contingent liabilities at 30 June 2016 are referred to in Note 13.

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

The parent entity contractual commitments for the acquisition of property, plant and equipment at 30 June 2016 are referred to in Note 14.

Accounting policy

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

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

13. Contingencies
14. Commitments for expenditure
15. Events occurring after the reporting period

13. Contingencies

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 therefore disclosed 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 \$0.2 million 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 costs) are not anticipated in resolving those claims.

14. Commitments for expenditure

	2016 \$'000	2015 \$'000
Capital expenditure commitments (i)	42,779	38,701
Other expenditure commitments (ii)	197,184	255,585
Operating lease (iii)		
Commitments in relation to operating leases contracted at balance date but not provided for in accounts payable:		
– Within one year	2,567	2,125
– Later than one year but not later than five years	7,417	5,725
– Later than five years	3,714	3,819
Minimum lease payments	13,698	11,669
Finance lease (iv)		
Commitments in relation to operating leases contracted 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	584	685
Minimum lease payments	685	786

14. Commitments for expenditure (continued)

- (i) Capital commitments includes the open blanket purchase agreements for capital expenditure of \$29.0 million at 30 June 2016 (30 June 2015: \$24.7 million) and amounts for purchase of carbon credits through contracts with CO2 and AusCarbon for \$13.7 million at 30 June 2016 (30 June 2015: \$14.0 million).
- (ii) On 27 June 2012 Icon Water entered into a Corporate Services Agreement with ActewAGL Distribution Partnership to provide corporate services to Icon Water, and a Customer Services and Community Support Agreement with ActewAGL Retail Partnership to provide retail services. The expenditure commitments include these contracts as well as general expenditure commitments.
- (iii) 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.
- (iv) 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.

15. Events occurring after the reporting period

From 1 July 2016, Icon Water has committed to selling its High Security water licences and has commenced an active program to locate a buyer.

No other 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.

Key management personnel and related parties

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

- 16. Key management personnel disclosures
- 17. Related party transactions

16. Key management personnel disclosures

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

Key management personnel compensation

	2016	2015
	\$'000	\$'000
Short-term employee benefits	2,584	2,631
Post-employment benefits	281	339
Other long-term benefits	74	131
Termination benefits	-	104
Total benefits	<u>2,939</u>	<u>3,205</u>

The compensation of each member of the KMP of the Group for the current year is set out on the following page.

16. Key management personnel disclosures (continued)

2015-2016	Short term employee benefits \$ salary, fees and short- term compensated absences	non- monetary benefits	Superannuation \$	Long-term employee benefits - long service leave \$	Termination benefits \$	Total \$
Dr Michael Easson AM Non-Executive Chair	69,866	-	9,082	-	-	78,948
Wendy Caird Non-Executive Deputy Chair	40,142	489	5,219	-	-	45,850
John Knox Managing Director	629,222	1,199	75,507	25,335	-	731,263
Dr Allan Hawke AC Non-Executive Director	34,907	-	4,538	-	-	39,445
Carol Lilley Non-Executive Director	34,907	-	3,846	-	-	38,753
Jennifer Goddard Non-Executive Director	34,907	-	4,418	-	-	39,325
Rachel Peck Non-Executive Director	34,907	489	4,538	-	-	39,934
Thomas Parry Non-Executive Director (Note (i))	21,850	-	2,839	-	-	24,689
Amanda Lewry General Manager Asset Management	344,465	516	28,763	13,792	-	387,536
Ray Hezkial General Manager Project Delivery, Operations & Maintenance	347,562	3,115	28,765	20,134	-	399,576
Sam Sachse General Manager Finance	342,215	21	28,772	14,878	-	385,886
Jane Breaden General Manager Business Services	331,084	-	35,094	-	-	366,178
Richard Spurrett General Manager Strategic Projects and Technology	311,968	-	49,375	-	-	361,343
Total as per the Annual Report	2,578,002	5,829	280,756	74,139	-	2,938,726

16. Key management personnel disclosures (continued)

2014-2015	Short term employee benefits \$ salary, fees and short- term compensated absences	non- monetary benefits	Superannuation \$	Long-term employee benefits - long service leave \$	Termination benefits \$	Total \$
Dr Michael Easson AM Non-Executive Chair	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 Hezkial General Manager Project Delivery, Operations & Maintenance	321,255	2,289	38,551	21,505	-	383,600
Chris Webb General Manager Safety & Business Solutions	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 Breden General Manager Governance	275,352	-	47,915	-	-	323,267
Sub-Total as per the Annual Report	2,482,219	7,183	320,772	130,455	104,000	3,044,629
Other Key Management Personnel for the period (Note (iv))	142,060	-	18,468	-	-	160,528
TOTAL	2,624,279	7,183	339,240	130,455	104,000	3,205,157

16. Key management personnel disclosures (continued)

Note references 2015-2016:

- (i) Thomas Parry was appointed as a director from 16 November 2015.
- (ii) 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 2015-2016, there were 13 KMP for Icon Water, 8 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*.
- (iii) No KMP's reached 7 years of service in 2015-2016.

Note references 2014-2015:

- (iv) 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 2014-2015 salary. Mr Webb's notice period entitlement and annual leave entitlements have not been paid at 30 June 2015 however, they have been included in the remuneration note above.
- (v) 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 2014-2015, 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 2014-2015 financial period, consists of 1 person.
- (vi) In 2014-2015 the KMP's who have reached 7 years were Amanda Lewry (opening balance \$40,812) and Sam Sachse (opening balance \$31,840).

Accounting policy

Non-monetary benefits

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.

Long service leave

For long service leave, the amount accrued is disclosed when the employee has reached 7 years of service.

17. Related party transactions

Parent entities

The wholly owned group consists of Icon Water and its 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:

	2016	2015
	\$'000	\$'000
Wholly owned controlled entities		
Dividend revenue	69,622	71,287
Income tax equivalents expense to the ACT Government	50,619	42,615
Aggregate amounts receivable from and payable to entities in the wholly-owned groups at balance date were as follows:		
– Current receivables (tax funding agreement)	24,215	29,001
– Current receivables (other)	69,622	71,287
– Current payables and other	19,661	23,808
– Non-interest bearing loans	565,900	538,873

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% (2015: 100%) of the issued ordinary shares of Icon Water.

Ownership interests in related parties

Interests held in the controlled entities are set out in Note 10 Investment in controlled entities.

Other related parties

The following transactions occurred with the ActewAGL Joint Venture Partnerships:

	2016	2015
	\$'000	\$'000
Aggregate amounts included in the determination of operating profit before income tax equivalents that resulted from transactions with other related parties:		
– Operating expenses	44,564	35,735
– Revenue	26,222	30,919
Aggregate amounts receivable from and payable to joint venture partnerships at balance date:		
– Current receivables	7,389	9,328
– Current accounts payables and other	13,785	2,941
– Non-current receivables	1,021	2,316

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 2016

Icon Distribution Investments Limited

ABN 83 073 025 224

Financial Report for the year ended 30 June 2016

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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
(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 Distribution Investments Limited (Icon Distribution) for the year ended 30 June 2016.

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, Chair
PhD, MSc, BA (Hons), FAICD, FRICS*

Dr Michael Easson has been a director of Icon Water since 1995 and Deputy Chair from May 1996 until appointed as Chair.

Dr Easson was Acting Chair of the Icon Water Board from 1 July 2013 and was appointed as Chair in March 2014. He is also Chair of Icon Distribution Investments Limited and Icon Retail Investments Limited, Chair of the ActewAGL Partnerships Board and Chair of the Icon Water Board's Remuneration Committee.

He has served on some of Australia's largest infrastructure and property boards and is presently Chair of EG Funds Management with \$2.4 billion in assets under management and an executive director of the building technology and documentation business, Ridley & Co. Dr Easson is currently the Chair of the Association of Superannuation Funds of Australia (ASFA) and Chair of ASFA's Policy Committee.

He has a PhD from the University of Melbourne, another 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 the Deputy Chair of Icon Distribution Investments Limited and Icon Retail investments Limited and a Member of the ActewAGL Partnerships Board. She is also the Deputy Chair of Icon Water's Remuneration Committee and Chair of ActewAGL's Safety and Risk Committee.

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 President of the Kangaroo Valley Community Association, and a Member of both the Kangaroo Valley Tourist Association and Kangaroo Valley Environment Group.

Directors (continued)

John Knox, Managing Director
BFA, FCPA, MAICD

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 and a Member of Icon Water's Remuneration Committee. He is a Member of the ActewAGL Partnerships Board, the Water Services Association of Australia Board and the ACT and Region Catchment Management Coordination Group.

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.

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 Risk and Assurance Committee and Remuneration Committee. She is also a Member of the Icon Distribution Investments and Icon Retail Investments Limited Boards.

She is Principal of peckvonhartel Pty Ltd. Ms Peck is Deputy Chair for the Australian Tapestry Workshop and a Member of the Australian Futures Project Advisory Board. 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 Fellow of the Australian Institute of Company Directors.

Company Secretary

Craig Richardson
BA, MBA, MAICD

Craig Richardson was appointed company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in May 2014. 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 holds a Bachelor of Arts and a Master of Business Administration and is a member of the Australian Institute of Company Directors.

Jane Breden
MSc, MMgsST, BBus, GCPProfWrtg, GCPerfAudt

Jane Breden, General Manager Business Services, was appointed alternate company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in July 2014. Ms Breden 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.

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:

	Number of meetings attended	Number of meetings eligible to attend
Dr Michael Easson AM, Chair	3	3
Wendy Caird, Deputy Chair	3	3
John Knox	3	3
Rachel Peck	3	3

Principal activities and 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

There have been no significant changes in the nature of the activity of Icon Distribution during the year.

Trading results and dividends

A dividend of \$49,040,517 (30 June 2015: \$49,025,914) has been declared by the directors to be paid, which is 100% of 30 June 2016 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 had 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 and directors

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 and directors

Icon Water has indemnified officers and directors of the corporation and its controlled entities 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 9.

Rounding of amounts

The Company is of a kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, 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 Instrument 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
Chair

Canberra
25 August 2016



John Knox
Director

Canberra
25 August 2016

In the directors' opinion:

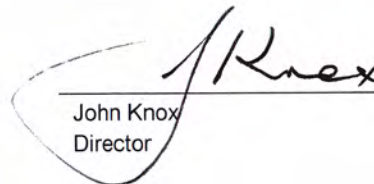
- (a) the financial statements, which include this directors' declaration and notes set out on pages 10 to 23, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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 (refer to Note 1(v)).

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



Dr Michael Easson AM
Chair

Canberra
25 August 2016



John Knox
Director

Canberra
25 August 2016

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 2016 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, then 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 at 30 June 2016 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

26 August 2016

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 2016**

In relation to the audit of the financial report of Icon Distribution Investments Limited for the year ended 30 June 2016, 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
25 August 2016

Icon Distribution Investments Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Share of net profit of the joint venture partnership accounted for using the equity method	2	70,225	68,673
Other expenses arising from ordinary activities	3	<u>(16)</u>	<u>(11)</u>
Profit before income tax equivalents expense		70,209	68,662
Income tax equivalent expense	4a	<u>(21,168)</u>	<u>(19,636)</u>
Profit for the year		<u>49,041</u>	<u>49,026</u>
Profit is attributable to:			
Owners of Icon Distribution Investments Limited		<u>49,041</u>	<u>49,026</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>-</u>	<u>(72,419)</u>
Items that will not be classified subsequently to profit and loss		-	168,977
Total comprehensive income for the year		<u>49,041</u>	<u>218,003</u>

The above statement of profit or 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 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Non-current assets			
Investments accounted for using the equity method	6a	<u>914,934</u>	<u>895,208</u>
Total non-current assets		<u>914,934</u>	<u>895,208</u>
Total assets		<u><u>914,934</u></u>	<u><u>895,208</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	6b	17	13
Dividends payable	5	<u>49,041</u>	<u>49,026</u>
Total current liabilities		<u>49,058</u>	<u>49,039</u>
Non-current liabilities			
Deferred tax balances	7	132,240	124,743
Other	6b	<u>524,534</u>	<u>512,324</u>
Total non-current liabilities		<u>656,774</u>	<u>637,067</u>
Total liabilities		<u>705,832</u>	<u>686,106</u>
Net assets		<u>209,102</u>	<u>209,102</u>
EQUITY			
Contributed equity	8a	400	400
Reserves		<u>208,702</u>	<u>208,702</u>
Total equity		<u>209,102</u>	<u>209,102</u>

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 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Distributions received from the ActewAGL Distribution Partnership		50,500	25,000
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(13)</u>	<u>(12)</u>
Net cash inflow from operating activities		<u>50,487</u>	<u>24,988</u>
Net cash inflow / (outflow) from investing activities			
		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Income tax equivalents paid by Icon Water		(13,671)	(20,057)
Payments of dividends to Icon Water		<u>(49,026)</u>	<u>(39,485)</u>
Net cash outflow from financing activities		<u>(62,697)</u>	<u>(59,542)</u>
Net decrease in cash and cash equivalents			
		<u>(12,210)</u>	<u>(34,554)</u>
Parent company intercompany Icon account movements			
Balance at the beginning of the financial year		(512,324)	(477,770)
Balance at the end of the financial year	6b	<u>(524,534)</u>	<u>(512,324)</u>
Total movement		<u>(12,210)</u>	<u>(34,554)</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 Distribution Investments Limited
Statement of changes in equity
For the year ended 30 June 2016

	Notes	Capital \$'000	Retained earnings \$'000	Reserves \$'000	Total equity \$'000
Balance at 1 July 2014		400	-	39,725	40,125
Profit for the year		-	49,026	-	49,026
Other comprehensive income		-	-	168,977	168,977
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	5	-	(49,026)	-	(49,026)
Balance at 30 June 2015		400	-	208,702	209,102
Balance at 1 July 2015		400	-	208,702	209,102
Profit for the year		-	49,041	-	49,041
Other comprehensive income		-	-	-	-
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	5	-	(49,041)	-	(49,041)
Balance at 30 June 2016		400	-	208,702	209,102

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

Notes to the financial statements

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operation of the entity, including:

- Accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction.
- Analysis and sub-totals.
- Information about estimates and judgments made in relation to particular items are included in the notes.

This section also provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria. It also includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

1. Significant accounting policies
2. Revenue from continuing operations
3. Expenses
4. Income tax equivalents expense
5. Dividends
6. Financial assets and liabilities
7. Deferred tax balances
8. Equity
9. Interest in joint ventures
10. Contingencies
11. Commitments for expenditure
12. Events occurring after the reporting period
13. Related party transactions

1. 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 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 report of Icon Distribution 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) *Early adoption of standards*

The directors have elected under s.334(5) of the *Corporations Act 2001* to early adopt Australian Accounting Standard AASB 2015-2 Amendments to Australian Accounting Standards *Disclosure Initiative: Amendments to AASB101* in the current year, even though the standard is not required to be applied until annual reporting periods beginning on or after 1 January 2016.

(iv) *New and amended standards adopted by the group*

The adoption of all new standards, amendments to standard interpretations that were issued prior to sign off date and are applicable to future financial reporting period are not expected to have a material impact.

(v) *Going concern*

The financial report has been prepared on a going concern basis. At 30 June 2016, current liabilities exceed current assets by \$49.1 million. This deficiency in current assets is able to be managed by the ability to generate profits, as evidenced by current and prior year results. In the opinion of the directors, Icon Distribution has adequate resources to continue as a going concern and pay its debts as and when they fall due and payable.

(vi) *Rounding of amounts*

Icon Distribution is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. In accordance with that Instrument amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

(b) Business activity

On 28 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) 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.

2. Revenue from continuing operations

	2016 \$'000	2015 \$'000
Share of net profit of the ActewAGL Distribution Partnership accounted for using the equity method	<u>70,225</u>	<u>68,673</u>
	<u>70,225</u>	<u>68,673</u>

Icon Distribution derives all of its revenue from the ActewAGL Distribution Partnership.

Accounting policy

Icon Distribution recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria have been met.

3. Expenses

	2016 \$'000	2015 \$'000
Other expenses arising from ordinary activities	<u>16</u>	<u>11</u>
	<u>16</u>	<u>11</u>

4. Income tax equivalents expense

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

(a) Income tax equivalents expense

	2016 \$'000	2015 \$'000
Current Tax		
Current tax equivalents expense recognised in the current year	13,671	19,043
Adjustment to prior year (i)	<u>-</u>	<u>1,014</u>
	13,671	20,057
Deferred tax		
Deferred tax equivalents expense recognised in the current year	7,497	419
Adjustments to prior year (i)	<u>-</u>	<u>(840)</u>
	7,497	(421)
Income tax equivalents expense	<u>21,168</u>	<u>19,636</u>
Net deferred tax recognised directly by equity (ii)	<u>-</u>	<u>72,419</u>
Income tax equivalents expense	<u>21,168</u>	<u>92,055</u>

(i) Adjustments to prior year relates to differences between the financial statements income tax expense and the income tax return lodged.

(ii) Refer to Note 7.

4. Income tax equivalents expense (continued)

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

	2016 \$'000	2015 \$'000
Profit from continuing operations before income tax expense	70,209	68,662
Tax at the Australian tax rate of 30% (2014-2015: 30%)	21,063	20,599
Other Items:		
- Other non-deductible expenses	191	68
- Other	5	(1,205)
- Adjustments for income tax expense of prior periods	(91)	174
Income tax equivalents expense	21,168	19,636

Accounting policy

National Tax Equivalents Regime

Icon Distribution is exempt from Federal income tax. Icon Water and its 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.

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.

Tax consolidation legislation

Icon Water and its controlled entities have implemented tax consolidation legislation as of 1 July 2003.

Icon Water and its controlled entities have entered into a tax funding agreement under which the controlled 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 controlled entities' 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 non-current intercompany loan receivable or payable.

5. Dividends

	2016 \$'000	2015 \$'000
At the beginning of the financial year	49,026	39,485
Amount appropriated from operating profit	<u>49,041</u>	<u>49,026</u>
	98,067	88,511
Amount paid during the year	<u>(49,026)</u>	<u>(39,485)</u>
At the end of the financial year	<u><u>49,041</u></u>	<u><u>49,026</u></u>

Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the reporting period but not distributed at the end of the reporting period.

6. Financial assets and liabilities

(a) Investments accounted for using the equity method

	2016 \$'000	2015 \$'000
Non-current assets		
Investment in the ActewAGL Distribution Partnership	<u>914,934</u>	<u>895,208</u>
	<u><u>914,934</u></u>	<u><u>895,208</u></u>

Accounting policy

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.

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. Icon Distribution's share in the property, plant and equipment assets of the ActewAGL Distribution Partnership has been adjusted to fair value to align to Icon Water Group's accounting policy on property, plant and equipment 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.

6. Financial assets and liabilities (continued)

(b) Trade and other payables

	2016			2015		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Trade payables	17	-	17	13	-	13
Intercompany loan	-	524,534	524,534	-	512,324	512,324
	17	524,534	524,551	13	512,324	512,337

Accounting policy

Trade payables

These amounts represent liabilities for goods and services provided to the Icon Distribution 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.

Intercompany loan

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

7. Deferred tax balances

	2016 \$'000	2015 \$'000
The balance comprises temporary differences attributable to:		
- Distributions from ActewAGL Distribution Partnership	42,109	33,936
- Adjustment to prior year tax	689	1,365
- Accruals	(4)	(4)
- Asset revaluation	89,444	89,444
- Other	2	2
	132,240	124,743
Movements:		
Balance at the beginning of the year	124,743	52,745
Charged / (Credited):		
- to profit or loss	7,497	(421)
- directly to equity (i)	-	72,419
Balance at the end of the year	132,240	124,743

(i) Relates to investment increment in ActewAGL Distribution's property, plant and equipment.

7. Deferred tax balances (continued)

	Distributions from ActewAGL Distribution Partnership \$'000	Adjustment to prior year deferred tax (ii) \$'000	Accrual \$'000	Asset revaluation \$'000	Other \$'000	Total \$'000
At 1 July 2014	33,517	2,205	(4)	17,025	2	52,745
Charged / (Credited):						
- to profit or loss	419	(840)	-	-	-	(421)
- directly to equity (i)	-	-	-	72,419	-	72,419
At 30 June 2015	33,936	1,365	(4)	89,444	2	124,743
At 1 July 2015	33,936	1,365	(4)	89,444	2	124,743
Charged / (Credited):						
- to profit or loss	8,173	(676)	-	-	-	7,497
- directly to equity (i) (ii)	-	-	-	-	-	-
At 30 June 2016	42,109	689	(4)	89,444	2	132,240

(i) Relates to investment increment in ActewAGL Distribution's property, plant and equipment.

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

8. Equity

(a) Contributed equity

	2016 Shares	2015 Shares	2016 \$'000	2015 \$'000
Ordinary shares - fully paid	400,000	400,000	400	400
Total contributed equity	400,000	400,000	400	400

Movements in ordinary share capital:

There has been no movement in share capital.

(b) Retained profits

	2016 \$'000	2015 \$'000
Retained profits at the beginning of the year	-	-
Profit for the year	49,041	49,026
Dividends paid or provided for	(49,041)	(49,026)
Retained profits at the end of the year	-	-

8. Equity (continued)

(c) Reserves

	2016 \$'000	2015 \$'000
Asset revaluation reserve	<u>208,702</u>	<u>208,702</u>
	<u>208,702</u>	<u>208,702</u>

Movements in the asset revaluation reserve:

Balance at the beginning of the year	208,702	39,725
Revaluation – net of tax	<u>-</u>	<u>168,977</u>
Balance at the end of the financial year	<u>208,702</u>	<u>208,702</u>

Nature and purpose of reserves

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.

9. Interests in joint ventures

(a) Commitments

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 is set out below:

Share of the ActewAGL Distribution Partnership commitments:

	2016 \$'000	2015 \$'000
Lease commitments	26,877	22,897
Capital and other commitments	<u>3,899</u>	<u>8,922</u>
	<u>30,776</u>	<u>31,819</u>

(b) Bank guarantees

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 is jointly and severally liable for the debts of the partnership.

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 \$2,438,898 (30 June 2015: \$2,429,898).

(c) Contingent liabilities

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 nil as at 30 June 2016 (30 June 2015: nil).

9. Interests in joint ventures (continued)

Critical Accounting Estimate

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 2015. The fair value is determined by application of a value in use income approach using a discounted cash flow method.

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

- the discounted cash flow valuation relies on ActewAGL Distribution Partnership's cash flow forecasts, after taking into account the Australian Energy Regulator's final determination;
- operating and capital expenditure is based on ActewAGL Distribution Partnership's assumptions; and
- the market based post-tax nominal discount rate used is 5.11%.

The discounted cash flow 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 \$5.9 million.

Due to the highly sensitive market based nominal discount rate used in discounted cash flow models, Icon Distribution has implemented a materiality policy to assist in determining whether revaluation increments or decrements will be recognised in any one year for ActewAGL Distribution Partnership plant and equipment.

The valuation exercise for the period ending 30 June 2016 resulted in the difference in the valuation compared to the carrying values being less than 10 per cent for ActewAGL Distribution Partnership assets. As this was less than the materiality threshold, and there was no other evidence to suggest it was material, no adjustment was made to the value of the property, plant and equipment with the ActewAGL Investment at 30 June 2016.

10. Contingencies

No contingent liabilities are known to the directors at the date of this report (30 June 2015: nil).

11. Commitments for expenditure

At 30 June 2016, Icon Distribution had not committed to any future capital expenditure (30 June 2015: nil).

12. Events occurring after the reporting period

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

13. Related party transactions

(a) Directors

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

Dr Michael Easson AM
John Knox
Wendy Caird
Rachel Peck

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 Distribution (30 June 2015: nil).

(ii) *Retirement benefits*

There were no retirement benefits paid to directors at 30 June 2016 (30 June 2015: nil).

(iii) *Loans to directors*

There were no loans to any directors at 30 June 2016 (30 June 2015: 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

Key management personnel covered in this report are:

Dr Michael Easson AM, Chair
Wendy Caird, Deputy Chair
John Know, Managing Director
Rachel Peck, Director

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 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 transaction occurred with related parties:

	2016 \$'000	2015 \$'000
Revenue from the ActewAGL Distribution Partnership	70,225	68,673
The following balances are outstanding at the reported date in to transactions with other related parties:		
- Dividend payable to Icon Water	49,041	49,026
- Intercompany loan liability – Icon Water	524,534	512,324



Icon Retail Investments Limited

ABN 23 074 371 207

General Purpose

Financial Report

For the year ended 30 June 2016

Icon Retail Investments Limited

ABN 23 074 371 207

Financial Report for the year ended 30 June 2016

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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 (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 Retail Investments Limited (Icon Retail) for the year ended 30 June 2016.

Directors

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

Dr Michael Bernard Easson
AM, Chair, PhD, MSc, BA (Hons), FAICD, FRICS

Dr Michael Easson has been a director of Icon Water since 1995 and Deputy Chair from May 1996 until appointed as Chair.

Dr Easson was Acting Chair of the Icon Water Board from 1 July 2013 and was appointed as Chair in March 2014. He is also Chair of Icon Distribution Investments Limited and Icon Retail Investments Limited, Chair of the ActewAGL Partnerships Board and Chair of the Icon Water Board's Remuneration Committee.

He has served on some of Australia's largest infrastructure and property boards and is presently Chair of EG Funds Management with \$2.4 billion in assets under management and an executive director of the building technology and documentation business, Ridley & Co. Dr Easson is currently the Chair of the Association of Superannuation Funds of Australia (ASFA) and Chair of ASFA's Policy Committee.

He has a PhD from the University of Melbourne, another 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 the Deputy Chair of Icon Distribution Investments Limited and Icon Retail investments Limited and a Member of the ActewAGL Partnerships Board. She is also the Deputy Chair of Icon Water's Remuneration Committee and Chair of ActewAGL's Safety and Risk Committee.

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 President of the Kangaroo Valley Community Association, and a Member of both the Kangaroo Valley Tourist Association and Kangaroo Valley Environment Group.

Directors (continued)

John Knox, Managing Director
BFA, FCPA, MAICD

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 and a Member of Icon Water's Remuneration Committee. He is a Member of the ActewAGL Partnerships Board, the Water Services Association of Australia Board and the ACT and Region Catchment Management Coordination Group.

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.

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 Risk and Assurance Committee and Remuneration Committee. She is also a Member of the Icon Distribution Investments and Icon Retail Investments Limited Boards.

She is Principal of peckvonhartel Pty Ltd. Ms Peck is Deputy Chair for the Australian Tapestry Workshop and a Member of the Australian Futures Project Advisory Board. 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 Fellow of the Australian Institute of Company Directors.

Company Secretary

Craig Richardson
BA, MBA, MAICD

Craig Richardson was appointed company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in May 2014. 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 holds a Bachelor of Arts and a Master of Business Administration and is a member of the Australian Institute of Company Directors.

Jane Breaden
MSc, MMgsST, BBus, GCPProfWrtg, GCPProfAudt

Jane Breaden, General Manager Business Services, was appointed alternate company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in July 2014. Ms Breaden 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 Breaden 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.

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:

	Number of meetings attended	Number of meetings eligible to attend
Dr Michael Easson AM, Chair	3	3
Wendy Caird, Deputy Chair	3	3
John Knox	3	3
Rachel Peck	3	3

Principal activities and 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. The ActewAGL Generation Pty Ltd entity remains non-operating at 30 June 2016. Icon Retail holds a 50% interest in the total equity of ActewAGL Generation Pty Ltd.

Significant changes in the state of affairs

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

Trading results and dividends

A dividend of \$20,581,001 (2015: \$22,261,418) has been declared by the directors to be paid, which is 100% of 30 June 2016 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 and its controlled entities.

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 and directors

Icon Water has indemnified officers and directors of the corporation and its controlled entities 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 9.

Rounding of amounts

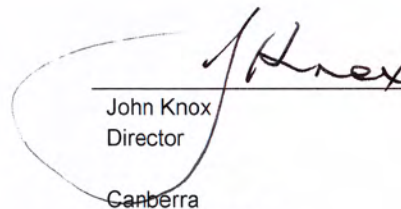
The Company is of a kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Instrument 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
Chair

Canberra
25 August 2016



John Knox
Director

Canberra
25 August 2016

In the directors' opinion:

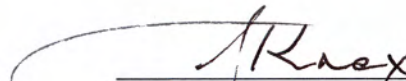
- (a) the financial statements, which include this directors' declaration and notes set out on pages 10 to 22, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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 (refer to Note 1(v)).

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



Dr Michael Easson AM
Chair

Canberra
25 August 2016



John Knox
Director

Canberra
25 August 2016

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 2016 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, then 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 at 30 June 2016 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

26 August 2016

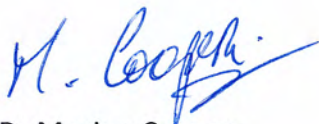
Board of Directors
Icon Retail Investments Limited
ActewAGL House
40 Bunda Street
CANBERRA CITY ACT 2601

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
FINANCIAL REPORT OF ICON RETAIL INVESTMENTS LIMITED
FOR THE YEAR ENDED 30 JUNE 2016**

In relation to the audit of the financial report of Icon Retail Investments Limited for the year ended 30 June 2016, 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
25 August 2016

Icon Retail Investments Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Share of net profit of the joint venture partnership accounted for using the equity method	2	29,392	31,856
Other revenue from ActewAGL Retail Partnership	2	69	69
Operating profit		29,461	31,925
Other expenses arising from ordinary activities	3	(15)	(14)
Profit before income tax equivalents expense		29,446	31,911
Income tax equivalent expense	4a	(8,865)	(9,650)
Profit for the year		20,581	22,261
Profit is attributable to:			
Owners of Icon Retail Investments Limited		20,581	22,261
Total comprehensive income for the year		20,581	22,261

The above statement of profit or 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 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Non-current assets			
Receivables	6a	6,737	6,737
Investments accounted for using the equity method	6b	51,515	40,054
Deferred tax balances	7	4,712	3,032
Total non-current assets		<u>62,964</u>	<u>49,823</u>
Total assets		<u>62,964</u>	<u>49,823</u>
LIABILITIES			
Current liabilities			
Trade and other payables	6c	16	13
Dividends payable	5	20,581	22,261
Total current liabilities		<u>20,597</u>	<u>22,274</u>
Non-current liabilities			
Intercompany loan	6c	41,367	26,549
Total non-current liabilities		<u>41,367</u>	<u>26,549</u>
Total liabilities		<u>61,964</u>	<u>48,823</u>
Net assets		<u>1,000</u>	<u>1,000</u>
EQUITY			
Contributed equity	8a	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 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Distributions received from the ActewAGL Retail Partnership		18,000	31,500
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(13)</u>	<u>(19)</u>
Net cash inflow from operating activities		<u>17,987</u>	<u>31,481</u>
Net cash inflow / (outflow) from investing activities			
		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Income tax equivalents paid by Icon Water		(10,544)	(10,767)
Payments of dividends to Icon Water	5	<u>(22,261)</u>	<u>(17,749)</u>
Net cash outflow from financing activities		<u>(32,805)</u>	<u>(28,516)</u>
Net (decrease) / increase in cash and cash equivalents			
		<u>(14,818)</u>	<u>2,965</u>
Parent company intercompany Icon account movements			
Balance at the beginning of the financial year		(26,549)	(29,514)
Balance at the end of the financial year	6c	<u>(41,367)</u>	<u>(26,549)</u>
Total movement		<u>(14,818)</u>	<u>2,965</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.

Icon Retail Investments Limited
Statement of changes in equity
For the year ended 30 June 2016

	Notes	Capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2014		1,000	-	1,000
Profit for the year		-	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		<u>1,000</u>	<u>-</u>	<u>1,000</u>
Balance at 1 July 2015		1,000	-	1,000
Profit for the year		-	20,581	20,581
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	5	-	(20,581)	(20,581)
Balance at 30 June 2016		<u>1,000</u>	<u>-</u>	<u>1,000</u>

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

Notes to the financial statements

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operation of the entity, including

- Accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction.
- Analysis and sub-totals.
- Information about estimates and judgments made in relation to particular items are included in the notes.

This section also provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria. It also includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

1. Significant accounting policies
2. Revenue from continuing operations
3. Expenses
4. Income tax equivalents expense
5. Dividends
6. Financial assets and liabilities
7. Deferred tax balances
8. Equity
9. Interests in joint ventures
10. Contingencies
11. Commitments for expenditure
12. Events occurring after the reporting period
13. Related party transactions

1. 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) *Early adoption of standards*

The directors have elected under s.334(5) of the *Corporations Act 2001* to early adopt Australian Accounting Standard AASB 2015-2 Amendments to Australian Accounting Standards *Disclosure Initiative: Amendments to AASB101* in the current year, even though the standard is not required to be applied until annual reporting periods beginning on or after 1 January 2016.

(iv) *New and amended standards adopted by the group*

The adoption of all new standards, amendments to standard interpretations that were issued prior to sign off date and are applicable to future financial reporting period are not expected to have a material impact.

(v) *Going concern*

The financial report has been prepared on a going concern basis. At 30 June 2016, current liabilities exceed current assets by \$20.6 million. This deficiency in current assets is able to be managed by the ability to generate profits, as evidenced by current and prior year results. In the opinion of the directors, Icon Retail has adequate resources to continue as a going concern and pay its debts as and when they fall due and payable.

(vi) *Rounding of amounts*

Icon Retail is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. In accordance with that Instrument amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

b) Business activity

On 28 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) 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.

2. Revenue from continuing operations

	2016 \$'000	2015 \$'000
Share of net profit of the ActewAGL Retail Partnership accounted for using the equity method	29,392	31,856
Other revenue from the ActewAGL Retail Partnership	69	69
	29,461	31,925

Icon Retail derives all of its revenue from the ActewAGL Retail Partnership.

Accounting policy

Icon Retail recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria have been met.

3. Expenses

	2016 \$'000	2015 \$'000
Other expenses arising from ordinary activities	15	14
	15	14

4. Income tax equivalents expense

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

a) Income tax equivalents expense

	2016 \$'000	2015 \$'000
Current Tax		
Current tax equivalents expense recognised in the current year	10,544	9,958
Adjustment to prior year (i)	-	809
	10,544	10,767
Deferred tax		
Deferred tax equivalents expense recognised in the current year	(1,679)	(384)
Adjustments to prior year (i)	-	(733)
	(1,679)	(1,117)
Income tax equivalents expense	8,865	9,650

(i) Adjustments to prior year relates to differences between the financial statements income tax expense and the income tax return lodged.

4. Income tax equivalents expense (continued)

b) Numerical reconciliation of income tax equivalents to prima facie tax payable

	2016	2015
	\$'000	\$'000
Profit from continuing operations before income tax expense	29,446	31,911
Tax at the Australian tax rate of 30% (2014-2015: 30%)	8,834	9,573
Other Items:		
- Other non-deductible expenses	33	18
- Share of ActewAGL Retail profits and partner share of profits	(21)	(17)
- Adjustments for income tax expense of prior periods	14	76
- Other	5	-
Income tax equivalents expense	8,865	9,650

Accounting Policy

National Tax Equivalents Regime

Icon Retail is exempt from Federal income tax. Icon Water and its 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.

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.

Tax consolidation legislation

Icon Water and its controlled entities have implemented tax consolidation legislation as of 1 July 2003. Icon Water and its controlled entities have entered into a tax funding agreement under which the controlled 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 its controlled entities' 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 non-current intercompany loan receivable or payable.

5. Dividends

	2016 \$'000	2015 \$'000
At the beginning of the financial year	22,261	17,749
Amount appropriated from operating profit	<u>20,581</u>	<u>22,261</u>
	42,842	40,010
Amount paid during the year	<u>(22,261)</u>	<u>(17,749)</u>
At the end of the financial year	<u><u>20,581</u></u>	<u><u>22,261</u></u>

Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the reporting period but not distributed at the end of the reporting period.

6. Financial assets and liabilities

a) Receivables

	2016 \$'000	2015 \$'000
Non-current		
Receivables from Icon Water for tax losses	<u>6,737</u>	<u>6,737</u>
	6,737	6,737

b) Investments accounted for using the equity method

	2016 \$'000	2015 \$'000
Non-current assets		
Investments in the ActewAGL Retail Partnership and ActewAGL Generation Pty Ltd	<u>51,515</u>	<u>40,054</u>
	51,515	40,054

Accounting policy

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.

Icon Retail has assessed its joint arrangements in 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 assets of the ActewAGL Retail partnership will be adjusted to fair value if material to align to Icon Water Group's accounting policy on infrastructure property, plant and equipment assets accounted for at fair value. This amount has been considered immaterial for 2015-2016.

6. Financial assets and liabilities (continued)

c) Trade and other payables

	2016			2015		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Trade payables	16	-	16	13	-	13
Intercompany loan	-	41,367	41,367	-	26,549	26,549
	16	41,367	41,383	13	26,549	26,562

Accounting policy

Trade payables

These amounts represent liabilities for goods and services provided to the Icon Retail 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.

Intercompany Loan

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

7. Deferred tax balances

	2016 \$'000	2015 \$'000
The balance comprises temporary differences attributable to:		
- Distributions from ActewAGL Retail Partnership	8,150	7,040
- Adjustment to prior year tax (i)	(3,438)	(4,008)
- Accrual	3	3
- Other	(3)	(3)
	4,712	3,032
Movements:		
Balance at the beginning of the year	3,032	1,915
Charged / (Credited):		
- profit or loss	1,680	1,117
Balance at the end of the year	4,712	3,032

(i) Adjustments to prior year relates to differences between the financial statements income tax expenses and the income tax return lodged.

	Distributions from ActewAGL Retail Partnership \$'000	Adjustment to prior year deferred tax (i) \$'000	Accrual \$'000	Other \$'000	Total \$'000
At 1 July 2014	6,657	(4,742)	3	(3)	1,915
Charged / (Credited):					
- profit or loss	383	734	-	-	1,117
At 30 June 2015	7,040	(4,008)	3	(3)	3,032
At 1 July 2015	7,040	(4,008)	3	(3)	3,032
Charged / (Credited):					
- profit or loss	1,110	570	-	-	1,680
At 30 June 2016	8,150	(3,438)	3	(3)	4,712

8. Equity

a) Contributed equity

	2016 Shares	2015 Shares	2016 \$'000	2015 \$'000
Ordinary shares - fully paid	1,005	1,005	1,000	1,000
Total contributed equity	1,005	1,005	1,000	1,000

Movements in ordinary share capital:

There has been no movement in share capital.

b) Retained profits

	2016 \$'000	2015 \$'000
Retained profits at the beginning of the year	-	-
Profit for the year	20,581	22,261
Dividends paid or provided for	(20,581)	(22,261)
Retained profits at the end of the year	-	-

9. Interests in joint ventures

a) Commitments

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 is set out below:

Share of the Icon Retail Partnership commitments:

	2016 \$'000	2015 \$'000
Lease commitments	11,238	6,747
	11,238	6,747

Each of the partners in the ActewAGL Retail Partnership is jointly and severally liable for the debts of the Partnership. The assets of the ActewAGL Retail Partnership exceeded its debts at 30 June 2016.

In April 2012, Icon Retail entered into a joint venture with AGL ACT Retail Investments Pty Ltd to form ActewAGL Generation Pty Ltd to participate in the ACT Government's Solar Auction process.

Icon Retail has 50% ownership in ActewAGL Generation Pty Ltd. At 30 June 2016, there have been no transactions within ActewAGL Generation Pty Ltd (30 June 2015: nil).

b) Contingent liabilities

There are a number of public liability insurance claims against the ActewAGL Retail Partnership at year end. Should the partnerships be proved liable, the partnerships must pay the first \$25,000 of each claim. Icon Retail's share of this contingent liability is estimated to be \$12,500 at 30 June 2016 (30 June 2015: nil).

10. Contingencies

No contingent liabilities are known to the directors at the date of this report (30 June 2015: nil).

11. Commitments for expenditure

At 30 June 2016, Icon Retail had not committed to any future capital expenditure (30 June 2015: nil).

12. Events occurring after the reporting period

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

13. 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
John Knox
Wendy Caird
Rachel Peck

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 (30 June 2015: nil).

(ii) *Retirement benefits*

There were no retirement benefits paid to directors at 30 June 2016 (30 June 2015: nil).

(iii) *Loans to directors*

There were no loans to any directors at 30 June 2016 (30 June 2015: 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.

13. Related party transactions (continued)

c) Key management personnel remuneration

Key management personnel covered in this report are:

Dr Michael Easson AM, Chair
Wendy Caird, Deputy Chair
John Know, Managing Director
Rachel Peck, Director

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. The ActewAGL Generation Pty Ltd entity remains non-operating as at 30 June 2016. 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:

	2016	2015
	\$'000	\$'000
Revenue from the ActewAGL Retail Partnership	29,461	31,925
The following balances are outstanding at the reported date in to transactions with other related parties:		
- Receivables from Icon Water	6,737	6,737
- Dividend payable to Icon Water	20,581	22,261
- Intercompany loan liability – Icon Water	41,367	26,549

ActewAGL Joint Venture
Summary financial report
for the year ended 30 June 2016

ActewAGL Joint Venture Summary financial report - 30 June 2016

Contents

	Page
Financial statements	
Introduction to the summary financial report	1
Statement of profit or loss and other comprehensive income	2
Statement of financial position	3
Statement of changes in joint venture funds	4
Statement of cash flows	5
Joint Venture Board's Declaration	6
Independent audit report to the partners	7
Auditor's independence declaration	9

Introduction to the summary financial report

Profit

Profit for the year ended 30 June 2016 was \$199 million, compared to the prior year's profit of \$201 million. This decrease is due to a decrease in revenue partially offset by a reduction in operating expenses.

Total operating revenue from continuing operations for the year ended 30 June 2016 was \$786 million compared to \$820 million in the prior year. The decrease in revenue is primarily due to the impact on pricing of the Australian Energy Regulator's (AER) electricity network determination and lower volumes due to the milder weather conditions experienced.

Total expenses from continuing operations for the year ended 30 June 2016 were \$586 million compared to \$619 million in the prior year. This decrease is primarily attributed to a decrease in the cost of sales associated with the lower volumes experienced and a reduction in employment costs in the electricity networks business due to the restructuring required as a result of the AER determination.

Cash flow

The Joint Venture generated \$241 million from its operating activities for the year ended 30 June 2016 compared to \$246 million in the prior year.

Net cash outflows used in investing activities were \$120 million for the current year, compared to \$110 million for the prior year. The increase in net cash outflows is mainly driven by matching our cash investment portfolio to the expected timing of our capital works program.

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, \$137 million was distributed to ActewAGL's Partners; \$24 million higher than the \$113 million in the prior year.

Financial position

At 30 June 2016, the Joint Venture had net assets of \$1,338 million compared to \$1,276 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 at 30 June 2016 was \$40 million, \$19 million lower than the prior year primarily due to funds required at the end of the previous financial year to meet restructuring obligations. Current assets were \$257 million compared to \$264 million in the prior year. Current liabilities were \$176 million compared to \$192 million at the same time last year. The Joint Venture does not have any borrowings other than finance leases.

The carrying value of plant and equipment is \$1,174 million, compared to \$1,135 million at 30 June 2015, 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 15% compared to 16% 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 2016

	30 June 2016 \$'000	30 June 2015 \$'000
Revenue from continuing operations	<u>785,548</u>	819,751
Total income	<u>785,548</u>	819,751
Energy purchases	(370,012)	(374,907)
Employment costs	(77,825)	(100,489)
Depreciation and amortisation expense	(50,954)	(44,422)
Contract expenses	(29,889)	(34,859)
Lease expenses	(4,780)	(9,778)
Material costs	(2,598)	(4,160)
Finance costs	(2,520)	(2,261)
Project related expenses	(9,434)	(13,517)
Selling expenses	(17,550)	(14,328)
Other expenses	(20,751)	(19,978)
Total expenses	<u>(586,313)</u>	<u>(618,699)</u>
Profit for the year	199,235	201,052
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>199,235</u>	<u>201,052</u>
Profit for the year is attributable to:		
Partners of the ActewAGL Joint Venture	<u>199,235</u>	<u>201,052</u>
	199,235	201,052
Total comprehensive income for the year is attributable to:		
Partners of the ActewAGL Joint Venture	<u>199,235</u>	<u>201,052</u>
	199,235	201,052

ActewAGL Joint Venture
Statement of financial position
As at 30 June 2016

	30 June 2016 \$'000	30 June 2015 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	40,234	58,802
Trade and other receivables	186,614	191,808
Inventories	9,953	8,550
Other current assets	20,681	5,063
Total current assets	257,482	264,223
Non-current assets		
Receivables	1,112	1,017
Plant and equipment	1,174,348	1,135,209
Intangible assets	104,533	90,247
Total non-current assets	1,279,993	1,226,473
Total assets	1,537,475	1,490,696
LIABILITIES		
Current liabilities		
Trade and other payables	114,719	120,735
Provisions	21,679	36,703
Other current liabilities	39,407	34,703
Total current liabilities	175,805	192,141
Non-current liabilities		
Provisions	5,906	6,097
Other non-current liabilities	17,509	16,438
Total non-current liabilities	23,415	22,535
Total liabilities	199,220	214,676
Net assets	1,338,255	1,276,020
JOINT VENTURE FUNDS		
Joint venture funds	1,338,255	1,276,020
Total joint venture funds	1,338,255	1,276,020

ActewAGL Joint Venture
Statement of changes in joint venture funds
For the year ended 30 June 2016

	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>
	Total joint venture funds \$'000
Balance at 1 July 2015	<u>1,276,020</u>
Profit for the year	199,235
Other comprehensive income for the year	-
Total comprehensive income for the year	<u>199,235</u>
Transactions with Partners in their capacity as Partners:	
Distributions paid	(137,000)
Balance at 30 June 2016	<u>1,338,255</u>

ActewAGL Joint Venture
Statement of cash flows
For the year ended 30 June 2016

	30 June 2016 \$'000	30 June 2015 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	869,520	898,109
Payments to suppliers and employees (inclusive of GST)	(630,743)	(653,788)
	238,777	244,321
Interest received	2,555	1,953
Interest and other costs of finance paid	(525)	(365)
Net cash flow generated by operating activities	240,807	245,909
Cash flows from investing activities		
Payments for plant and equipment	(81,431)	(90,024)
Payments for intangible assets	(25,577)	(19,755)
Proceeds from sale of plant and equipment	93	58
Payments for term deposits	(13,000)	-
Net cash used in investing activities	(119,915)	(109,721)
Cash flows from financing activities		
Distributions paid	(137,000)	(113,000)
Finance lease payments	(2,460)	(1,129)
Net cash used in financing activities	(139,460)	(114,129)
Net (decrease) / increase in cash and cash equivalents	(18,568)	22,059
Cash and cash equivalents at the beginning of the year	58,802	36,743
Cash and cash equivalents at the end of the year	40,234	58,802

**ActewAGL Joint Venture
Joint Venture Board's Declaration
For the year ended 30 June 2016**

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 *ACTEWAGL Partnership Facilitation Act 2000*.


In the board members' opinion:

- (a) the financial statements and notes of the ActewAGL Joint Venture set out on pages 1 to 5:
 - (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 2016 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 2016



John Knox
Board Member
Canberra
25 August 2016

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 2016.

On 26 August 2016, I issued an unmodified audit report on the special purpose financial report of the Joint Venture for the year ended 30 June 2016.

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, then 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 2016, is materially consistent with the special purpose financial report.



Dr Maxine Cooper
Auditor-General

26 August 2016

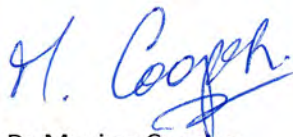
Board of Directors
ActewAGL Joint Venture
GPO Box 366
CANBERRA CITY ACT 2601

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
SUMMARY FINANCIAL REPORT OF THE ACTEWAGL JOINT VENTURE
FOR THE YEAR ENDED 30 JUNE 2016**

In relation to the audit of the summary financial report of the ActewAGL Joint Venture for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Yours sincerely



Dr Maxine Cooper
Auditor-General
25 August 2016

Compliance

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/2015-207/default.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 2015–16 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

	2016 Annual Report Directions Reference	Pages
Transmittal Certificate	A	
Section 1 – Organisation Overview		
Organisation Overview	B1	7–10
Outlook 2016–17	B1	11
Section 2 – People and Performance		
Board & executive	B1	15-19
Human resources – Organisational structure	B1	20
Human resources – Culture	O1	20
Human resources – Staffing profile & Attraction and retention	O3	21-22
Performance analysis/highlights	B2	3, 23-27
Work health and safety	B7	28
Section 3 – Community engagement		
Community engagement	M	31-32
Community support program	M	33-34
Section 4 – Ecologically sustainable development		
Ecologically sustainable development	B9	37-39
Commissioner for Sustainability and the Environment	B9	39
Section 5 – Governance and scrutiny		
Internal accountability & legislative framework	B1	43-44
Internal audit	B5	45
Risk management	B4	45
Fraud prevention	B6	46
Scrutiny – Legislative Assembly Committee inquiries & reports	B3	46
Scrutiny – Auditor-General and Ombudsman reports	B3	46
Section 6 – Legislation based reporting		
Public interest disclosure	O2	49
Freedom of information	N2	49
Human Rights Act	N3	49
Territory Records Act	P	50
Legal services directions	N4	51
Bushfire risk management	N1	51
Section 7 – Financial management analysis		
Financial management analysis	C1	55
Financial statements	C2	59
Capital works	C3	n/a
Asset management	C4	n/a
Government contracting	C5	n/a
Statement of performance	C6	n/a
Human resources management	B8	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 Resources 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 2015-16 are detailed in Highlights on page 25.</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 23.</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

BOP	Bushfire Operational Plan
CAPS	Commonwealth Avenue Pump Station
CSP	Community Support Program
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
RAC	Risk and Assurance Committee
R&D	Research and Development
SAMP	Strategic Asset Management Plan
SCI	Statement of Corporate Intent
SMS	Safety Management System
SWPP	Source Water Protection Program
TOC	Territory-owned Corporation
TRO	Territory Records Office
WaterRA	Water Research Australia
WERF	Water Environment Research Foundation
WSAA	Water Services Association of Australia
WHSS	Work Health and Safety Strategy

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