



ANNUAL REPORT
to the ACT Government
2017–18



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للحصول على مساعدة لغوية، اتصل بالرقم أعلاه

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برای کمک زبانی به شماره بالا تلفن بنید

மொழிபெயர்ப்பாளர் உதவிக்கு மேலே உள்ள இலக்கத்தை அழைப்பங்கள்

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

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

Cover Photo: Lower Molonglo Water Quality Control Centre

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) 2017–18 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 of the end of the financial year.

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

To the best of our knowledge, the Annual Report is an honest and accurate account of the operations of Icon Water for the period 1 July 2017 to 30 June 2018 and all material information has been included.

Yours sincerely



Wendy Caird
Chair



John Knox
Managing Director

Message from the Chair and Managing Director

In 2017–18, Icon Water has continued to deliver our core purpose to sustain and enhance the quality of life for the community we serve in the ACT and Queanbeyan. As a Territory-owned Corporation, our objectives are to deliver our core purpose as efficiently as possible, giving due regard to our corporate social and environmental responsibilities, whilst returning sustainable profits to our shareholders.

We strive to be a trusted partner in the community and recognise that this is achieved through much more than high quality drinking water and reliable sewerage services. To build and promote trust we are striving to extend ourselves to meet the demands of a growing economy and to equip our staff with the tools and capability to deliver a positive and seamless customer experience.

In 2017–18 Icon Water welcomed three non-Executive Directors to the Icon Water Board. Ms Abigail Goldberg and Mr Brett Tucker were appointed in July 2017 and Ms Dorte Ekelund was appointed in November 2017 following the retirement of Ms Jennifer Goddard on 31 October 2017. Icon Water would like to acknowledge Ms Goddard's contribution to the Board over the past six years. The new Board appointments complement our Board of Directors' diverse skills and experience in the public and private sector across various industries.

We are proud that during 2017–18 we worked openly and constructively with the community and the Independent Competition and Regulatory Commission (ICRC) on our pricing submission. Our web-based pricing proposal was purposely designed for our community to seek their views and preferences about how we deliver our services. The ICRC supported our approach and issued a pricing decision that will provide bill relief for the majority of our customers in 2018–19. As a result of the ICRC's final determination, the combined water and sewerage bills for our residential customers in the ACT remains lower than the average of water utilities across Australia.

Icon Water achieved strong financial results for the year with profit of \$107.7m. Through our strong performance in the water business and our investment in the energy businesses, Evoenergy and ActewAGL Retail, we were able to return good profits to our shareholders. Dividends paid to our shareholders totalled \$93.9m as well as income tax equivalent payments totalling \$42.2m, which supports the ACT Government to serve the community.

During 2017–18, Icon Water worked with the ACT Government, industry and the community to implement a new Water and Sewerage Capital Contributions Code for the ACT. The ICRC approved the new Code to commence in 2018, which enables Icon Water to sustainably fund the growth of our network and population in Canberra's established areas.

We are focused on delivering a high level of service, by providing a reliable network that meets all technical and environmental standards, as well as ensuring our network is able to meet future demands and protect our region's natural environment. In 2017–18 we invested around \$102 million in capital works, with a significant portion going toward major upgrade and renewal project works at our main sewage treatment plant at Lower Molonglo. We have integrated innovation within our planning so we can predict infrastructure performance and model the impact to our customers. This has guided our investments in replacing our ageing water and sewer mains assets so that we continue to meet service levels for the benefit of our customers. We also invested in digital transformation, with work underway to improve our operational technology and works management systems.

We proudly support the local community and actively promote a culture that cares about its people and their safety. Our range of safety initiatives continue to motivate and support our workforce to take the lead on safety. This is driving innovative solutions across all facets of our business and operations.

Our year in review showcases our performance and achievements across our projects, programs and people, and highlights our core values – **safety, excellence and openness** – in action. Finally, we would like to acknowledge the hard work and commitment of Icon Water staff during the year.



Wendy Caird
Chair



John Knox
Managing Director

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Section 1

Organisation

About us

Icon Water Limited (Icon Water) is an unlisted public company owned by the ACT Government. Icon Water has two Voting Shareholders: the ACT Chief Minister, Andrew Barr MLA and the Minister for the Environment and Heritage, Mick Gentleman MLA. As a Territory-owned Corporation, we are separated from the direct functions of government and governed by an independent board of directors who exercise a governance, strategic and oversight role.

Icon Water is the ACT's supplier of essential water and sewerage services; proudly serving the community for over 100 years. We source, treat and supply water through a direct relationship with our customers.

We own and operate assets worth over \$2.4 billion, comprising the ACT's network of dams, water treatment plants, sewage treatment plants, reservoirs, water and sewage pumping stations, mains and related infrastructure.

Our long-term water security allows us to support the growing Capital region, and we continue to supply high quality bulk water to support the Queanbeyan community.

Importantly, we respect our role to protect the environment. We have the largest inland sewage treatment plant in Australia, which treats wastewater to the highest standard so that environmental flows can be returned to the Murrumbidgee River system.

Our reliability, expertise and community focus allows us to continue to provide the essential services, which enhances the quality of life.

We are a vertically-integrated water utility – this means:

- we source, treat, and distribute water through a direct relationship with our customers
- we then collect sewage, and deliver treated effluent to the environment.

As a Territory-owned Corporation, Icon Water has four equally important 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 main objectives drive our strategic planning and the development of our vision and business strategies.

Icon Water's Board, executive team and staff are committed to working together with customers and the community, to ensure we continue providing services that sustain and enhance the quality of life in the nation's capital and surrounding region.



PROTECT THE ENVIRONMENT



COLLECT AND STORE WATER



TREAT WATER



DISCHARGE TREATED WATER



DISTRIBUTE WATER



TREAT SEWAGE



COLLECT SEWAGE



CUSTOMER SERVICE

What we do at Icon Water

Our water and sewerage networks

Our water network

- Total accessible dam capacity 277.8GL
- 2 water treatment plants at Mount Stromlo and Googong
- Approximately 179,000 connections to water
- 52GL of water treated per year
- Over 3,300km of water pipes
- 25 water pumping stations

Our sewer network

- Approximately 178,000 connections to sewerage services
- Over 3,300km of sewer pipes
- 26 sewer pumping stations



Energy investment

Icon Water is unique in the utility industry as we provide water and sewerage services and have an investment in the energy businesses, Evoenergy and ActewAGL Retail. Our share of the investment in the energy business is worth \$1 billion. In managing this investment, Icon Water pursues two objectives:

- to maximise value for our shareholders
- to have regard to the ACT Government's commitment to corporate social responsibility and smart / sustainable cities initiative.

On 3 October 2000 a joint venture was formed between Icon Water and The Australian Gas Light Company (AGL). The venture, known as ActewAGL, was the first multi-utility operating as a public private partnership in Australia.

The joint venture comprises two partnerships, ActewAGL Distribution and ActewAGL Retail with Icon Water owning 50 per cent share in both partnerships through its two subsidiary companies: Icon Retail Investments Limited and Icon Distribution Investments Limited.

ActewAGL Distribution, operating under the brand 'Evoenergy', owns and operates the electricity network in the ACT, and the gas network in the ACT, Queanbeyan region and Shoalhaven. The Distribution partnership is owned equally by Jemena Limited and Icon Water via subsidiary companies.

ActewAGL Retail sells electricity and natural gas, along with managing customer service and marketing functions in a competitive market. The footprint extends to centres such as Queanbeyan, Goulburn, Yass, Young, Nowra and Bega. The retail partnership is owned equally by AGL Energy Limited and Icon Water via subsidiary companies.

The Joint Venture Partnerships Board is comprised of six members: three appointed by AGL/Jemena and three appointed by Icon Water.

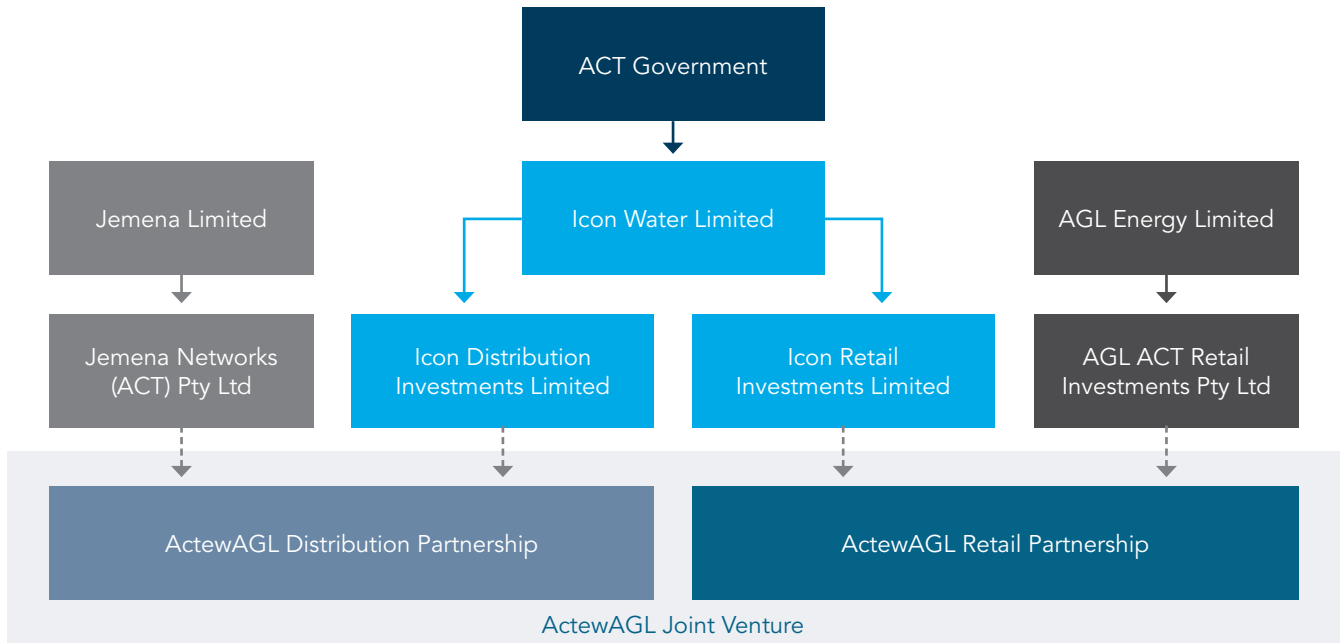
Members of the ActewAGL Joint Venture Partnerships Board as at 30 June 2018 were:

- Mr Paul Adams (Chair)
- Dr Thomas Parry (Deputy Chair)
- Ms Wendy Caird
- Mr John Knox
- Mr Sun Peng
- Mr Damien Nicks

Details of ActewAGL's financial performance for 2017–18 can be found in section 4 of this report. More information on ActewAGL can be found at actewagl.com.au.

The joint venture structure (figure 1.1) and energy investment brands (figure 1.2) are on the following page.

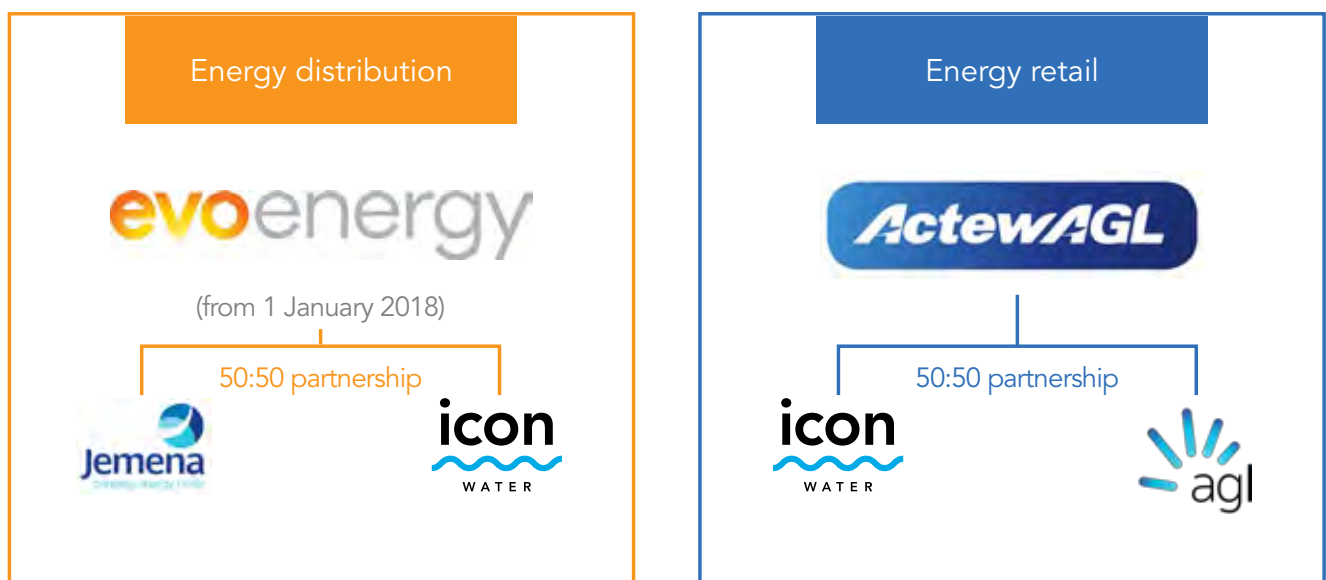
Figure 1.1: Joint Venture structure



Notes:

1. Each of Jemena Networks (ACT) Pty Ltd, Icon Distributions Investments Limited, Icon Retail Investments Limited and AGL ACT Retail Investments Pty Ltd are wholly owned subsidiaries of Jemena Limited, Icon Water Limited and AGL Energy Limited respectively
2. Jemena Networks (ACT) Pty Ltd and Icon Distribution Investments Limited are equal partners in the ActewAGL Distribution partnership (AAD). AAD includes energy networks (evoenergy), corporate services and contestable services
3. Icon Retail Investments Limited and AGL ACT Retail Investments Pty Ltd are equal partners in the ActewAGL Retail Partnership (AAR)
4. ActewAGL Retail Investments Pty Ltd is a holding company for new energy investments of AAR. The AAR partners hold all of the issued shares in the company as partnership assets

Figure 1.2 Energy investment brands



Statement of Corporate Intent 2017–18

Icon Water's Statement of Corporate Intent 2017–18 to 2020–21 identifies the core purpose, values, strategic goal and objectives guiding our business and commitment to our shareholders and customers.

Core purpose

To sustain and enhance the quality of life.

Core values

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

Strategic goal

In 2017–18 our goal was to be the premier most trusted water utility.

Strategic objectives

- Meet customer needs and exceed customer expectations
- Protect, engage and develop our people
- Maximise value to customers by balancing cost, risk and performance
- Deliver sustainable financial returns and gearing.

We have established performance indicators and targets for each of our strategic objectives and our 2017–18 performance against these is detailed on page 32.



Outlook 2018–19

Icon Water’s Business Strategy 2018–19 to 2021–22 (our Statement of Corporate Intent) was tabled in the ACT Legislative Assembly on 7 June 2018. This details our commitment to our shareholders, customers, community and our people and will guide our business in 2018–19 and beyond.

Our new vision to be **a valued partner in our community** reflects our commitment to being a customer-centric organisation and to delivering an experience that enhances the lives of our customers and, ultimately, promotes and engenders trust.



Key priorities for 2018–19

Over the period 2018–19 to 2021–22 Icon Water's priorities will be guided by three objectives, to:

- build a safe, innovative and inclusive workplace
- deliver sustainable value for our community and shareholders
- enhance the customer experience.

Achievement of these objectives will be underpinned by seven strategies relating to health and safety, people and diversity, customer, asset, digital, financial and regulatory.

Health and safety	To ensure we have a safe workplace and contribute to a safe community, we will design, operate and maintain assets without harm to our employees and provide safe water and sewerage services to our customers and the community.
People and diversity	To ensure that we have a highly engaged and capable workforce to meet current and future challenges, we will build a diverse workforce and create a workplace that is respectful and supportive of others.
Customer	To ensure that we deliver an exceptional customer experience across all areas of our business, we will increase our focus on delivering services that enhance the lives of our customers and promote and engender trust.
Asset	To ensure we deliver sustainable value for our community and stakeholders we will develop capability, processes and systems to capture data and support a comprehensive understanding of our assets.
Digital	To ensure that we have secure, flexible and sustainable capability to deliver greater operational agility, improved efficiencies and data-driven decision-making, we will renew ageing Information and Communications Technology (ICT) applications and infrastructure.
Financial	To ensure that we continue to generate a strong financial outcome for our shareholders, we will optimise operating expenditure and actively manage our energy investments.
Regulatory	To enhance collaboration with our regulators for the benefit of our customers and community, we will deliver a process for building trust and open communications to drive prudent and efficient decision-making.

Board

A number of statutes and the constitution of Icon Water Limited govern the activities of the company. At 30 June 2018, the Icon Water Board comprised eight Directors: seven Non-Executive Directors and one Executive Director. The Voting Shareholders determine the terms of appointment and remuneration of Directors. Procedures for the appointment of Directors are outlined in the *Territory-owned Corporations Act 1990* and the company's constitution.

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 6 of Icon Water Limited and Controlled Entities Financial Reports at Section 4.

There are two committees of the Icon Water Board: the Risk and Assurance Committee and the Remuneration Committee. At 30 June 2018, the Risk and Assurance Committee consisted of four Directors and met five times during the financial year. The Board Remuneration Committee consisted of all the Board directors and met outside of the financial reporting year due to timing of the meetings – once on 14 June 2017 and then on 29 August 2018.

At 30 June 2018, all eight Directors sat on the Boards of each of Icon Retail Investments Limited (IRIL) and Icon Distribution Investments Limited (IDIL). Further details on their Board membership and Director attendance is within the Financial Reports at Section 4.



Wendy Caird

Chair
MAICD

Wendy Caird was first appointed to the Icon Water Board in December 2009, was appointed as Acting Deputy Chair of the Icon Water Board from 1 July 2013 and appointed as Deputy Chair in March 2014. Ms Caird's appointment term was extended in March 2017 when she was appointed as Chair of the Icon Water Board due to her extensive knowledge of Icon Water's business and experience on the ActewAGL Partnerships Board. Ms Caird is the Chair of Icon Water's Remuneration Committee, Chair of Icon Distribution Investments Limited and Icon Retail Investments Limited and a Member of the ActewAGL Partnerships Board. She is also Chair of ActewAGL's Safety, Audit 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.



Carol Lilley

Deputy Chair
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 was appointed as Deputy Chair of the Boards of Icon Water Limited, Icon Retail Investments Limited and Icon Distribution Investments Limited in March 2017.

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 professional services experience is in financial statement audit, internal audit and project and risk management, with a particular focus on government.

Ms Lilley is currently Chair of several ACT Government directorate audit committees (Chief Minister, Treasury and Economic Development; Education; Environment, Planning and Sustainable Development). She also has various governance roles for Commonwealth Government entities (member of the Departments of Home Affairs; Human Services and Australian Federal Police's Audit Committees; Chair of National Film and Sound Archives' Audit Committee, independent management assurer for the whole of government accounts, independent board member for Australian Financial Security Authority) as well as Chair of the Board of Instacluster Pty Ltd.

Ms Lilley is a Graduate of the Australian Institute of Company Directors, Fellow of the Chartered Accountants Australia and New Zealand, was a registered company auditor and is a certified internal auditor.



John Knox
Managing Director

FCPA, BFA, MAICD

John Knox was appointed to the Icon Water Board in March 2014. Mr Knox is a director of the Icon Water Limited Board and its subsidiary companies Icon Distribution Investments Limited and Icon Retail Investments Limited. He is also a member of the Icon Water Board's Remuneration Committee.

Mr Knox is Deputy Chair of the Water Services Association of Australia (WSAA) Board, Chair of the WSAA Customer and Industry Leadership Committee, and a member of the ActewAGL Partnership Board.

Mr Knox commenced as the Managing Director of Icon Water in 2014 and prior to that held the position of Chief Finance Officer of ActewAGL.

Mr Knox has spent 12 years in the utilities sector, working across water, environmental services, energy and telecommunications.



Dr Thomas Parry

Director

PhD, MEd, BEc (Hons)

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015 and is a member of the Icon Water Remuneration Committee and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board. In March 2017 Dr Parry was also appointed as Deputy Chair of the ActewAGL Partnerships Board.

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). He was also a director of ASX-Compliance (the regulatory arm of the Australian Securities Exchange) from 2007 to 2017.

From 2004–2009 Dr Parry 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 Foundation Chair of Powering Australian Renewables Fund, and a Director of Powerco New Zealand.

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.



Rachel Peck

Director

MBA, BEng (Civil) (Hons), FAICD

Rachel Peck was first appointed to the Icon Water Board in May 2011 and reappointed for a third term from May 2017 to ensure a continuation of experience and corporate knowledge for the effective functioning of the Board. Ms Peck is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee, and director of the Icon Retail Limited Investments Limited Board and Icon Distribution Investments Board.

Ms Peck is Principal of peckvonhartel and is an advisory board member of the Australian Futures Project. She is the former Deputy Chair of the Australian Tapestry Workshop, former Chair of the Canberra Business Chamber Planning and Infrastructure Taskforce, former divisional council member of the Property Council of Australia (ACT) and former 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.

Ms Peck is a Fellow of the Australian Institute of Company Directors.



Abigail Goldberg

Director (appointed 10 July 2017)
MBA, MA (Urban Design), Bsc (TRP Hons), FAICD

Abigail Goldberg was appointed to the Icon Water Board in July 2017. She is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Ms Goldberg is a Non-Executive Director of Crown Lands Holiday Park Trust NSW, where she is Chair of the Audit and Risk Committee, and Deputy Chair of Cemeteries and Crematoria NSW, where she chairs the Industry Liaison Group. She was previously a Non-Executive Director on the Central Coast Water Corporation, and in May 2018 completed the maximum six year term as a Commissioner at the Independent Planning Commission, the decision-making body responsible for major and state significant projects in NSW.

Since March 2018 Ms Goldberg has been lead Chair for the Ryde and Willoughby City Council's Independent Hearing Assessment Panels in NSW, and she is an alternate Chair for the Panel for the City of Sydney. She is an alternate for the NSW Joint Regional Planning Panels. She is also the Executive Chair of GoldbergBlaise, a boutique consultancy providing advice to the infrastructure, planning, housing, tourism and transport sectors. Ms Goldberg is an Associate of the Institute for Public Policy and Governance, University of Technology, Sydney.

Ms Goldberg has held a number of executive positions, including CEO, Metro Transport Sydney (light rail and monorail company) and General Manager, South Sydney Development Corporation.

Ms Goldberg is a Fellow of the Australian Institute of Company Directors and a Fellow of the Planning Institute of Australia. She has been a Mentor for the 'Next Generation of Corporate Female Leaders' program (Women on Boards) as well as a recipient of the Women's Scholarship (Australian Graduate School of Business, UNSW, 1999).



Brett Tucker

Director (appointed 10 July 2017)
BRurSc, Grad.Cert. Accounting and Finance, Churchill Fellow, MAICD

Mr Brett Tucker was appointed to the Icon Water Board in July 2017 and is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Mr Tucker joined Icon Water with more than 26 years of experience working in the public and private sector as a director and chief executive in complex operating environments with financial responsibilities exceeding multi-millions of dollars, predominantly in water resource management and agriculture.

Mr Tucker established Blackwatch Consulting in 2016. Blackwatch specialises in the provision of high-level strategic, technical and project advice to public and private utilities as well as the private contracting market seeking to do business in the sector. He also is currently a Director of the Peter Cullen Trust and provides mentoring and coaching support to a number of Senior Managers and prospective industry leaders.

Mr Tucker holds an Honours Degree in Rural Science and a Graduate Certificate in Accounting and Finance. Mr Tucker was awarded a Churchill Fellowship in 1998 and is a member of the Australian Institute of Company Directors.



Dorte Ekelund

Director (appointed 1 November 2017)
BURP (Hons) (Urban and Regional Planning), MBA, Adjunct Professor (Planning), Fellow Planning Institute of Australia, MAICD

Dorte Ekelund was appointed to the Icon Water Board in November 2017. She is a member of the Icon Water Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Ms Ekelund is currently Principal Advisor - Smart Cities, SMEC; a member of the Northern Territory Planning Commission (NTPC); a member of the University of Wollongong's SMART Infrastructure Advisory Council, and director of the Infrastructure Sustainability Council of Australia.

Ms Ekelund is an urban and regional planner with over 30 years' experience working in most facets of strategic and statutory land use and infrastructure planning across all levels of government and various jurisdictions - most recently as former Director-General of the ACT Environment, Planning and Sustainable Development Directorate (2013–2017).

Ms Ekelund has considerable experience in environmental policies and management, including water policies and programs; climate change mitigation and adaptation action. Her experience in energy includes membership of the Council of Australian Governments (COAG) Energy Senior Officials and oversight of significant policy initiatives and investment in renewables.

Ms Ekelund has a Bachelor of Urban and Regional Planning (Class 1 Honours), an MBA, is an adjunct Professor (Planning) University of Canberra and is a member of the Australian Institute of Company Directors.

Company Secretaries

Jane Breaden

MSc, MMgsST, BBus, GCProfWrtg, GCPerfAudt

Jane Breaden, General Manager Business Services, was appointed as company secretary of Icon Water Limited, Icon Retail Investments Limited and Icon Distribution Investments Limited in July 2016. Ms Breaden previously held the role of alternate company secretary from 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.



Jennifer Goddard

Director (term completed on 31 October 2017)
BCom (Hons)

Jennifer Goddard was appointed to the Icon Water Board in November 2011, was a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee and appointed to the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board on 10 July 2017 until her retirement in October 2017.

Ms Goddard is an independent non-executive director who has served on the boards of several Commonwealth and ACT Government organisations.

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.

Alison Pratt

B.Ec, LLB (Hons), GDLP

Alison Pratt, Manager Legal and Secretariat, was appointed deputy company secretary of Icon Water Limited, Icon Retail Investments Limited and Icon Distribution Investments Limited in August 2016.

Prior to joining Icon Water in 2013, Ms Pratt worked in private commercial legal practice in Australia and the United Kingdom. Her legal experience includes advising clients from both the private and public sectors on corporate governance, property, environment, construction and planning.

Ms Pratt holds a Bachelor of Economics, a Bachelor of Laws and a Graduate Diploma in Legal Practice.

Executive leadership team



FROM LEFT: Davina McCormick, Richard Spurrett, John Knox, Sam Sachse, Jane Breaden, Ray Hezkial

John Knox

Managing Director

FCPA, BFA, MAICD

John Knox was appointed to the Icon Water Board in March 2014. Mr Knox is a director of the Icon Water Limited Board and its subsidiary companies Icon Distribution Investments Limited and Icon Retail Investments Limited. He is also a member of the Icon Water Board's Remuneration Committee.

Mr Knox is Deputy Chair of the Water Services Association of Australia (WSAA) Board, Chair of the WSAA Customer and Industry Leadership Committee, and a member of the ActewAGL Partnership Board.

Mr Knox commenced as the Managing Director of Icon Water in 2014 and prior to that held the position of Chief Finance Officer of ActewAGL.

Mr Knox has spent 12 years in the utilities sector, working across water, environmental services, energy and telecommunications.

Sam Sachse

Chief Financial Officer

MAppFin, FCPA, GAICD

Sam Sachse is responsible for the overall financial management and advisory services of Icon Water and its investment in ActewAGL. Mr Sachse is currently a member of the Water Services Association of Australia's Customer and Industry Leadership Committee.

Mr Sachse has extensive accounting and commercial experience in the water and energy sectors and holds a Master of Applied Finance and Bachelor of Accountancy. He is a Fellow of CPA Australia and Graduate of the Institute of Company Directors.

Ray Hezkial

General Manager Infrastructure Services

MBA, B. Eng (Civil), DipPM

Ray Hezkial joined Icon Water in 2003 and in his current role is responsible for managing Icon Water's capital works program, engineering services and network operations, encompassing water and sewage treatment as well as maintenance relating to the ACT's water and sewer reticulation systems.

Mr Hezkial is a civil engineer with substantial experience in civil construction and design management, as well as water and sewerage operational management. In addition to his Bachelor of Engineering (Civil) degree, Mr Hezkial holds a Master of Business Administration and a Diploma in Project Management.

Jane Breaden

General Manager Business Services

BBus, MSc, MMgsST, GCProFWrtg, GCPerfAudt

Jane Breaden, General Manager Business Services, was appointed as company secretary of Icon Water Limited, Icon Retail Investments Limited and Icon Distribution Investments Limited in July 2016. Ms Breaden previously held the role of alternate company secretary from 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.

Richard Spurrett

Chief Information Officer

BSc, BEng, GDApPFin

Richard Spurrett joined Icon Water in 2015 and is responsible for the delivery of the key elements of Icon Waters' strategic objectives.

Mr Spurrett has substantial 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.

Cameron Patrick

Acting General Manager Asset Management (16 June 2017 – 15 November 2017)

Acting General Manager Customer Engagement (16 November 2017 – 23 June 2018)

B. Eng (Chemical)

Cameron Patrick joined Icon Water in 2005, and in his current role is responsible for customer service and community engagement, metering and urban development functions. Prior to this, Mr Patrick was the Acting General Manager Asset Management, responsible for asset management and operational planning functions for water and sewerage services to the ACT.

Mr Patrick is a chemical engineer with extensive experience in water and sewage treatment process operations, maintenance, and asset planning.

Mr Patrick holds a Bachelor of Engineering (Chemical).

Davina McCormick

General Manager Customer Engagement (from 25 June 2018)

MBA, BBus (Majors) Marketing and Management, Cert Public Participation

Davina McCormick joined Icon Water as General Manager, Customer Engagement in June 2018. Prior to this Ms McCormick was the Manager, Customer Experience Strategy at Queensland Urban Utilities. In this role Ms McCormick held organisational-wide responsibility for increasing customer focus and delivering positive experiences for over 1.4 million customers and community members.

With over 18 years of professional experience, Ms McCormick has a diverse range of marketing, customer and stakeholder engagement, project management and strategy skills. Her experience spans new venture start-ups, global companies and government corporations in a range of sectors including financial services, energy, education and utilities.

Ms McCormick holds a Bachelor's degree in Marketing and an MBA from Queensland University of Technology.

Board and Executive 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 2017–18

Name and position	Short-term employee benefits		Superannuation \$	Long-term employee benefits - long service leave	Termination benefits \$	Total \$
	Salary, fees and short-term compensated	Non-monetary benefits				
Wendy Caird Non-Executive Chair	76,300	1,058	9,919			87,277
Carol Lilley Non-Executive Deputy Chair	55,379	523	7,199			63,101
John Knox Managing Director of Icon Water	706,654	523	25,000	32,020		764,197
Dr Thomas Parry Non-Executive Director	38,118		4,955			43,073
Rachel Peck Non-Executive Director	38,188	574	4,955			43,647
Abigail Goldberg Non-Executive Director	37,397		4,862			42,259
Brett Tucker Non-Executive Director	37,397	523	4,862			42,782
Dorte Ekelund Non-Executive Director	25,572		3,324			28,896
Jennifer Goddard (retired) Non-Executive Director	12,546		1,631			14,177

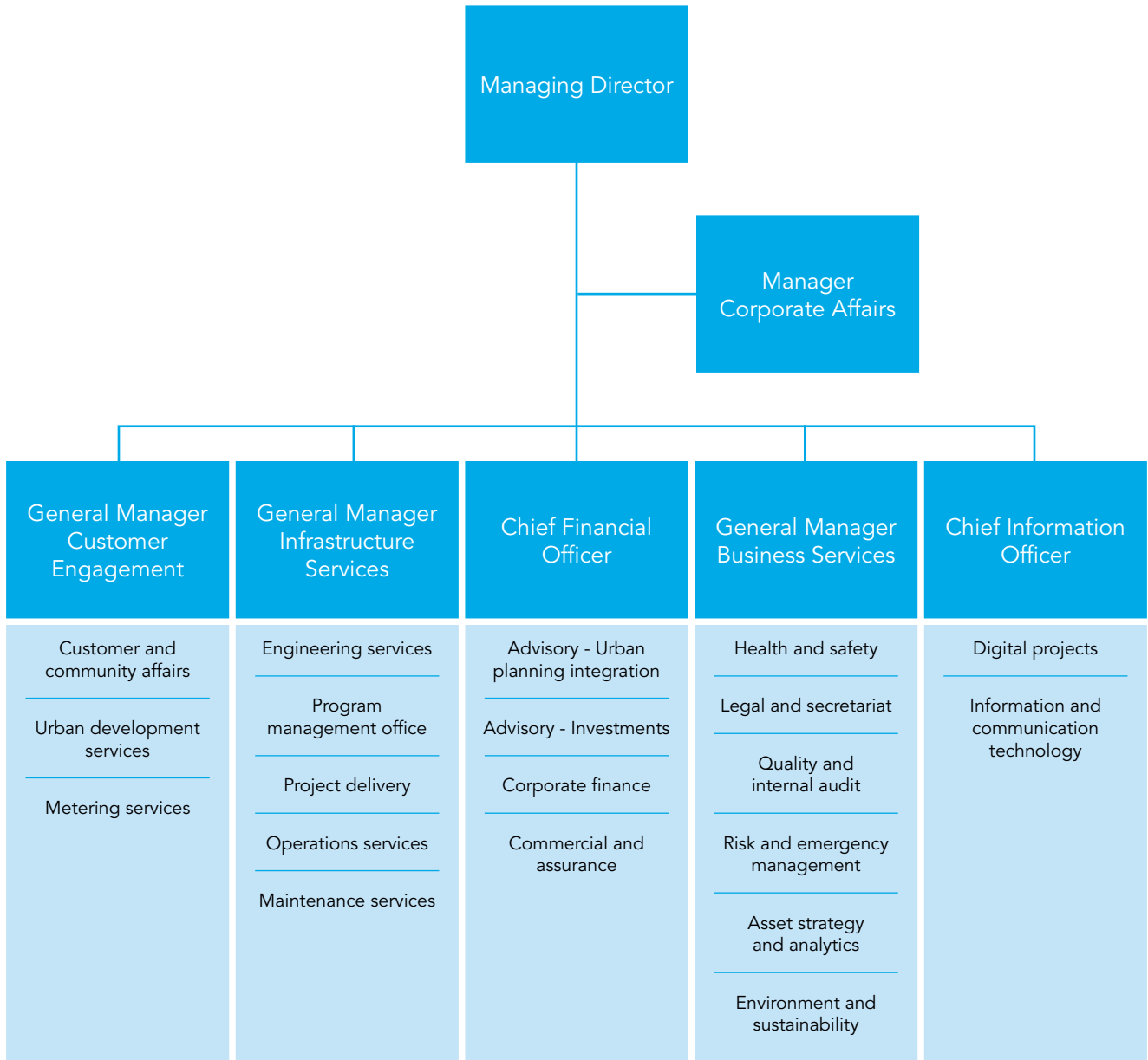
Name and position	Short-term employee benefits		Superannuation \$	Long-term employee benefits - long service leave	Termination benefits \$	Total \$
	Salary, fees and short-term compensated absences	Non-monetary benefits				
Sam Sachse Chief Financial Officer	379,137	1,489	25,000	20,410		426,036
Ray Hezkial General Manager Infrastructure Services	398,134		25,000	30,970		454,104
Jane Breden General Manager Business Services	361,443		25,000			386,443
Richard Spurrett Chief Information Officer	336,558	178	50,474			387,210
Cameron Patrick (acting) General Manager Customer Engagement	235,415		32,958	8,511		276,884
Other Senior Managers	5,427		516			5,943
TOTAL	2,743,595	4,868	225,655	91,911		3,066,029

Note references 2017–2018:

1. Cameron Patrick was acting in a General Manager capacity for the full financial year, firstly as General Manager Asset Management then as General Manager Customer Engagement after the business realignment.
2. Davina McCormick commenced with Icon Water as General Manager Customer Engagement on 25 June 2018. Davina's remuneration is disclosed as part of 'Other Senior Managers'.
3. Jennifer Goddard retired from holding office of Director of Icon Water on 31 October 2017.
4. Brett Tucker and Abigail Goldberg commenced in holding office of Director of Icon Water on 10 July 2017.
5. Dorte Ekelund commenced in holding office of Director of Icon Water on 1 November 2017.
6. Ray Hezkial elected to take a cash payment of \$15,100 in lieu of taking 2 weeks annual leave during the financial year. This payment was in line with the requirements under the Enterprise Bargaining Agreement 2017.
7. Key Management Personnel (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 2017–18, there were 15 KMP for Icon Water, 9 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.
8. No KMP reached seven years of service in the financial year 2017–18.

Organisational structure

Icon Water’s organisational structure comprises five groups, each led by an executive. During 2017–18, the Customer Engagement Group was formed to bring together teams that are largely customer-focused under one group.



Staffing

Icon Water's People and Diversity Strategy focusses on four fundamental areas of people management: leadership; performance and development; employee experience; and planning and analysing talent. These areas are underpinned by a commitment to diversity and inclusion, stated 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.

During 2017–18, Icon Water implemented the *Icon Water and Combined Unions Enterprise Agreement 2017* and commenced a number of initiatives to deliver on the People Strategy. These initiatives are outlined below.

Attraction and retention

- Hired four graduates and four trainees on two-year contracts.
- Implemented an initiative to attract females into non-traditional roles, focusing on attraction, developing talent pipelines, setting targets for training programs and entry level roles, development and retention, and reviewing flexibility and role design.
- Reviewed recruitment practices, including removing gender bias from advertisements. Job application ratios for females applying for vacant roles improved from 1:7 in the year prior to 1:3.
- Partnered with external organisations to increase and diversify candidate pools.
- Promoted Icon Water as an employer of choice through the ACT tertiary careers fair and publishing video blogs on the recruitment page.
- Reviewed and updated Icon Water succession plans for managers and critical roles.
- Launched *InspireCo*, a networking opportunity for female employees.

Development

- Launched the quarterly *In the Mix* publication to highlight diversity and inclusion initiatives.
- Finalised a graduate framework to support development and progression through the organisation.
- Launched the Next Wave program for emerging leaders, targeted at staff not currently in supervisory roles.
- Developed a transition to retirement guideline to assist staff during the transition from work to retirement.
- Transitioned to a new online learning platform.
- Delivered a Human Resources Masterclass to team leaders and supervisors across the organisation. This course is an introduction to people management and leadership.

Engagement

- Implemented group engagements action plans to encourage open conversations and respond to issues to support a highly-engaged workforce.
- Completed an organisational engagement survey in November 2017, which achieved a participation rate of 75 per cent. Across the organisation, 60 per cent of employees are moderately to highly engaged.

Case Study

Next Wave Leadership Program

In May 2018, we launched the Next Wave Leadership Program. Next Wave specifically targets employees who may not currently be in leadership positions but who have the ability, drive and commitment to take that next step. The program has been tailored to provide employees with the basic leadership and technical management skills they will need to take on and succeed in that first supervisory role.

We have some exceptional leaders in Icon Water but they all had to start from somewhere – and take that first step into leadership. In launching this new program, John Knox said “I truly believe that an organisation is only ever as good as its next wave of leaders”. Across the organisation, more than 38 nominations were received for the 16 places.



“

I truly believe that an organisation is only as good as its **next wave of leaders.**

John Knox
Managing Director

”



Staffing profile

Table 2: Staff profile by employment type and gender

	Female	Male	Total
Full-time Equivalent	92	306	398
Headcount	95	307	402
% of workforce (based on headcount)	24%	76%	100%

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

Employment category	Female	Male	Total
Casual	0	0	0
Permanent Full-time	61	286	347
Permanent Part-time	14	4	18
Temporary Full-time	19	17	36
Temporary Part-time	1	0	1
Total	95	307	402

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

Age group	Female	Male	Total
10-19	0	1	1
20-29	10	22	32
30-39	43	76	119
40-49	29	98	127
50-59	12	76	88
60 and over	1	34	35
Total	95	307	402

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

	Female	Male	Total
Average years of service	6.9	12.1	10.9

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

	Number	Percentage
Aboriginal and Torres Strait Islander	6	1.5%
Culturally and Linguistically Diverse	28	7%
People with disability	9	2%
Total	43	10.5%

Work health and safety

Safety is a core value at Icon Water, and 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). Icon Water was recertified against the standard in June 2018.

The Health and Safety Branch provides centralised support to our corporate and operational areas. Safety Business Partners are assigned to Maintenance Services and Operations Services to provide advice and coaching to line leaders and workers. Safety Advisors are dedicated to monitoring and improvement of the SMS and a dedicated Safety Specialist is accountable for implementing training and development programs identified in the Work Health and Safety Strategy.

There has been a 49 per cent reduction in recordable injuries over the year. This outcome was driven by an increase in employee safety engagement and a sustained focus on musculoskeletal injury prevention in Maintenance Services. During the year a Safety Specialist was appointed to review hazardous manual tasks and strengthen the controls to reduce musculoskeletal injuries. This work has been very successful and well received by workers.

There were four incidents reported to the safety regulator in 2017–18, the same number as reported in 2016–17. The incidents reported involved underground service strikes, equipment failure and a vehicle incident.

There was a significant effort directed to further improving the quality of incident investigations and effectiveness of corrective actions. This was delivered via an incident management training program called Act on It and increased effort from line leaders to prioritise incident investigations and action closeout. This has resulted in a 78 per cent decrease in the time taken to investigate and assign actions after an incident occurs.

There is one health and safety committee comprised of 12 elected Health and Safety Representatives from across the business.

A priority initiative delivered in the year was the operational risk management program called Safe to Start. This program focused on hazard identification, risk assessment and effective team communication. There were 22 programs delivered which required active participation by employees and has received very positive feedback.

Icon Water was invited to present on its mental health initiative at the Water Services Association of Australia. This provided an opportunity to share the program outcomes with the broader water industry.

All employees were provided with education regarding the risks associated with consumption of drugs and alcohol. These sessions provided an overview of different drug types and their effects and provided participants with the opportunity to ask questions. The sessions also provided information regarding organisations that can assist with drug and alcohol dependencies. These education sessions were the important first step in the development of a drug and alcohol monitoring program.

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.

Case Study

Managing hazardous manual tasks

The prevention and effective management of manual handling-related musculoskeletal injury continues to be a significant challenge for water utilities across Australia. In 2018, we increased our focus on this issue by implementing a number of key initiatives.

We commenced an on-site physiotherapy service aimed at providing easily accessible preventive and early-intervention advice and treatment. Since January, 175 sessions have been attended, with 61 workers primarily from the higher-risk field workforce attending.

Since
January...

175

on-site physiotherapy
sessions attended

61

workers attended
sessions



We also developed instructional videos aimed at improving engagement with field staff around safe and healthy work practices. Six videos have been made, including a recent video - Preventing Musculoskeletal Injury - that provides an overview of manual handling, the factors that can make it hazardous and simple but effective job-specific warm-ups that can be performed at any job site.

In response to improved understanding of hazardous manual tasks, we trialled a new mechanical valve actuator. This device eliminates the hazardous pushing and pulling forces that the shoulder and lower back typically suffer when manually operating stop valves. Innovative solutions for lifting manholes and pit covers were also identified after thorough job task analysis.

These initiatives were led by business areas and supported by the safety physiotherapist. We are excited to continue building on these initiatives and look forward to seeing further improvement on the 49 per cent reduction in total recordable injuries that was achieved during 2017–18.

Case Study

Sharing our mental health initiative with the Water Service Association of Australia (WSAA)

Representatives from Icon Water's Health and Safety Branch were invited to present to the WSAA members meeting in Adelaide in March 2018. The presentation provided an outline of our mental health initiative and shared our experiences and lessons learned from implementation. Following on from this presentation, Icon Water is now participating in a WSAA mental health working group to develop a mental health blueprint for the water industry. This is a fantastic initiative for Icon Water and for the industry.

We remain committed to continuing implementation of the mental health interventions initially identified in 2016. Six interventions have been completed so far, with others underway.



Following on from the success of the awareness sessions delivered to employees, there will be more awareness programs delivered by our community support partners, Menslink and Lifeline, throughout 2018 and 2019.



Aboriginal and Torres Strait Islander reporting

Icon Water values and protects the rich Aboriginal culture of the Canberra region and actively protects Aboriginal heritage items and places on the land and in waterways we manage. Training and procedures are provided to staff to identify and protect items of cultural heritage significance. When undertaking design and construction of major infrastructure, we perform heritage assessments in consultation with Representative Aboriginal organisations, where relevant, to ensure we avoid and minimise impacts on Aboriginal cultural heritage sites and artefacts.

Our Community Support Program provides financial and in-kind assistance to organisations that provide valuable community support services and programs, and various community activities which provide and encourage community access and participation. This commitment derives from our strategic objectives, community expectations and our social responsibility under the *Territory-owned Corporations Act 1990*. This program and 2017–18 recipients are detailed on page 39-42 of this report. In 2017–18, we were proud to sponsor the Wii-ma-li touch football team to assist with the cost of uniforms, purchase of football, water bottles, health packs for the day and a first aid kit. We also provided funding to the Belconnen Arts Centre to support NAIDOC 'Because of her we can' activities which included engaging local Aboriginal and Torres Strait Islander art professionals to deliver practical, drop-in workshops throughout the event.

We plan to implement cultural burning as an annual land management practice at our Biodiversity Offset property to complement the other forms of land management being employed there, such as weed control, feral animal management and the planting of thousands of trees.

Case Study

Ancient Aboriginal technique of cultural burning revived

The ancient Aboriginal technique of cultural burning is being revived on our Murrumbidgee to Googong (M2G) Biodiversity Offset property at Williamsdale.

Aboriginal people used cultural burns for thousands of years, but in recent times the practice has mostly been lost. With the help of Wally Bell (Ngunnawal elder), the Molonglo Catchment Group and the Rural Fire Service; a cultural burn was undertaken in mid-May 2018 to enhance the health of the land and its species at Icon Water's Biodiversity Offset property. While Icon Water has undertaken some burns for biodiversity management, this was the first cultural burn on the property since Icon Water acquired it during the construction of the M2G pipeline. An area of about a hectare was selected for the cultural burn and members of the public were invited to learn from the respected Ngunnawal elder.

A cultural burn can also be referred to as a cool burn or fire stick farming and primarily involves the burning of the undergrowth in a controlled manner. It is not the burning down of forests, nor does it allow flames to get into tree canopies. The benefits of cultural burning includes both reviving the health of native plants and animals (that have evolved to rely on fire to reduce dangerous fuel loads and protect species from hot (out-of-control) fires) and Aboriginal ceremonial values.

We plan to implement cultural burning as an annual land management practice at our Biodiversity Offset property to complement the other forms of land management, such as weed control, feral animal management and the planting of thousands of trees.



We plan to implement cultural burning as an annual land management practice at our Biodiversity Offset property.





Section 2

Performance

2017–18 key performance outcomes

For each objective, as detailed on page 11 of this report, we have established performance indicators and targets to monitor and report on their achievement. These are outlined below.

Icon Water has regulatory, compliance and performance reporting obligations via the following mechanisms:

- reporting on various service delivery targets annually in the National Performance Report: Urban water utilities (published by the Bureau of Meteorology)
- reporting on compliance and performance to the Independent Competition and Regulatory Commission (ICRC) and Utilities Technical Regulator
- providing water and sewerage information under part 7 of the Water Regulations 2008 (collected by the Bureau of Meteorology)
- providing water and sewerage information for the National Water Account (published by Bureau of Meteorology).

The following performance indicators and targets were selected to reflect key stakeholder and customer needs and expectations of our business.

Table 3: 2017–18 key performance outcomes

Strategic objectives	Performance indicator	Targets (30 June 2018)	Results 2017–18
Protect, engage and develop our people	Serious Injury Frequency Rate (SIFR)	≤ 3 serious injuries per million hours worked ¹	9.2
	Safety culture	Improved staff perceptions of organisational and manager commitment to safety (85% and 75% respectively)	88% 80%
	Diversity and inclusion	Improved staff perceptions of organisational openness and commitment to diversity (55% and 65% respectively)	64% 68%
	Employee engagement	54% of staff surveyed are moderately-highly engaged ²	60% ³
Maximise value to customers by balancing cost, risk and performance	Water quality	100% compliance with the Public Health (Drinking Water) Code of Practice 2007 (ACT)	100%
	Water - reliable supply	Average duration of an unplanned interruption – water (minutes): 111–150 ⁴	125 minutes
		Frequency of unplanned interruption – water (per 1,000 properties): 63–127 ⁵	91
		Water volume ⁶ to meet demand: 140–300ML/day	143 ML/day
	Sewerage system reliability ⁷	No. of sewer surcharges inside customer dwellings ≤15 >95% of sewerage chokes restored within 5 hours	9 97%
Sustainability embedded in capital works program	Sustainability infrastructure scorecard incorporated into 100% of capital projects over \$50,000	100%	

¹ Serious Injury Frequency Rate is above the target due to a number of injuries not responding sufficiently to allied health treatment and requiring additional medical treatment some weeks later.

² This is the Australian and New Zealand average for utilities.

³ Result derived from the November 2017 survey, which provided a basis for comparison against the target.

⁴ 2016–17 industry average is 145 minutes.

⁵ 2016–17 industry average is 137 (per 1,000 properties).

⁶ Volume is total production by the water treatment plants and supply through the water supply system.

⁷ These performance indicators and targets have been selected with a customer focus and have been informed by our market research survey outcomes that show reliability and quality as priorities and customer views on the importance of avoiding sewer surcharges.



Lower Molonglo Water Quality Control Centre

Strategic objectives	Performance indicator	Targets (30 June 2018)	Results 2017-18
Meet customer needs and exceed customer expectations	Waste to landfill	Reduction over prior year (2016-17 was 2,773 tonnes)	2,679 Tonnes
	Environmental compliance	100% compliance with environmental flow requirements, environmental authorisations and agreements	100%
	Effective complaints management	A meaningful response to 100% of complaints within 20 business days ⁸	99%
	Customer satisfaction	90% of annual survey participants are satisfied with our overall service	91%
Deliver sustainable financial returns and gearing	Shareholder return	\$68.8m (profits available for dividends)	\$89.6m
	Earnings Before Interest and Tax (Water and Energy)	\$187.2m	\$225.2m
	Capital expenditure	+/-10% of \$130.3m	\$102.3m
	Gearing	≤57%	53.6%
	Energy costs	≤ 5% over quarterly forecast (for our three key treatment plants)	5%

⁸ As required by the Consumer Protection Code 2012.

YEAR IN REVIEW



Customer service

Icon Water is focussed on delivering an exceptional customer experience across all areas of our business.

As the sole provider of water and wastewater supplies in the ACT, we have a key role in the sustainability, growth and prosperity of the community. During the year we continued to improve our connection with our customers, strengthened our partnerships with community organisations and schools, and delivered water education campaigns. These connections to our community help us make the ACT a great place to live.

We have continued to focus on improving the customer services we know are valued. We measure our customers' satisfaction with their service experience on an ongoing basis. Our overall 2017–18 customer satisfaction was 91 per cent, which was slightly above our target of 90 per cent.

Throughout the year, we actively engaged with our customers and the wider community to understand how we are performing and identify the issues that are important to them. These insights support business decision-making, strategy development and tactical delivery to enhance the customer experience.

Case Study

Engaging with our customers to develop our Price Proposal 2018–2023

The role of water utilities, and the way they plan for the future is changing. Our vision to be a valued partner in our community reflects that Icon Water wants to engage with our customers and the community, and do more than just meet their needs.

Icon Water took a customer focused approach to the significant investment decisions for our forward 5 year operations and capital works program.

To start this, we conducted 18 months of surveying and market research interviewing over 3,000 customers in Canberra. Participants in a telephone survey across residential, business and large water-user customers were asked, without prompting, “What are the five most important aspects of Icon Water’s service to you?” The five key service priorities identified through the survey were quality drinking water, reliable supply, affordable pricing, customer service and environment.

The second phase involved quantitative research into the trade-offs customers would be willing to make between two of the priorities identified in the first stage – reliable supply and affordable pricing. We conducted several pieces of targeted research in order to strike a better balance between those two priorities for customers. This included a stated preference study, development of water mains renewal options modelling, and an award-winning project developing sewer maintenance options modelling.

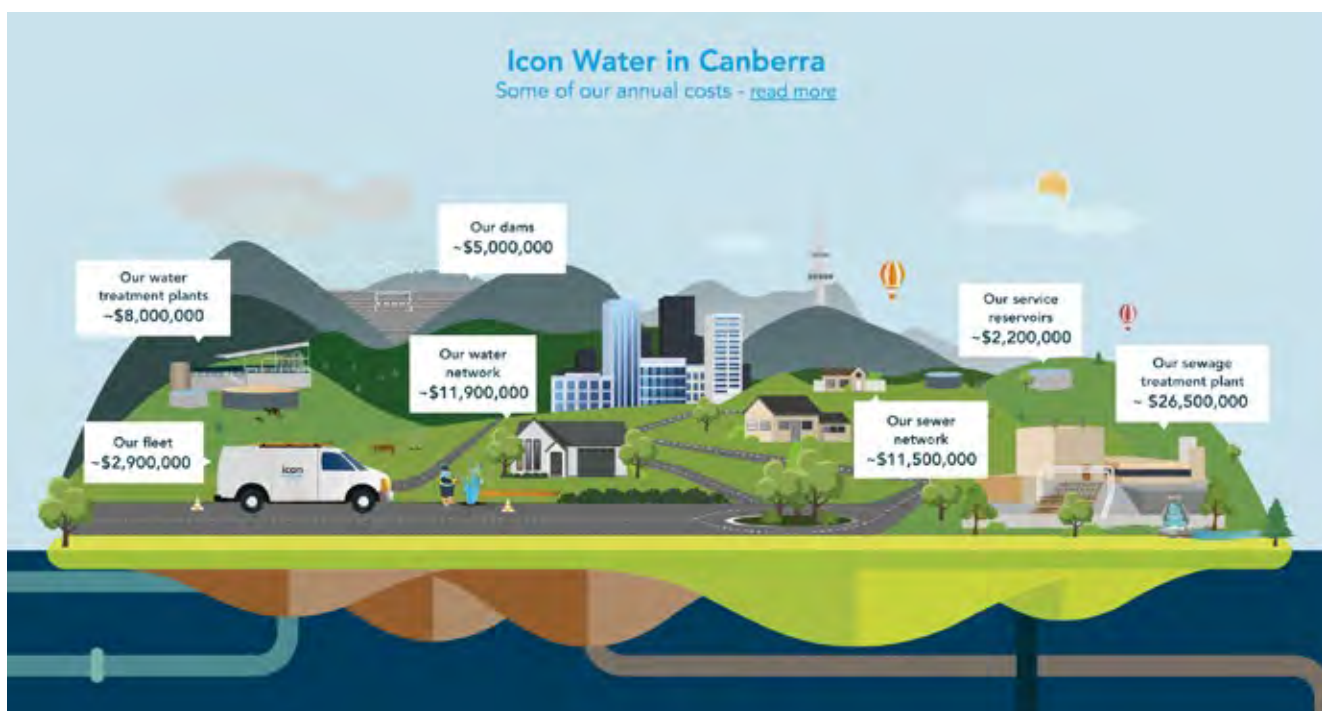
Increased computing power and improved models means we are now able to use data analytics to make connections more easily, putting various service levels into a common metric – price, which enabled informed data-based decision-making.

The results of these studies were used in a benefit-cost analysis from a whole-of-community view by the Centre for International Economics (CIE). The analysis concluded that, on average, customers do not want us to spend more than we currently do to reduce the risk of water supply interruptions and sewage overflows. It found that customers would prefer us to spend less on water mains renewal, which would lead to reduced bills and a marginal increase in the number of water supply interruptions over time.

In response to this finding, we proposed a measured reduction in expenditure on water mains renewal, noting that our target performance in relation to water supply interruptions remains significantly better than the Australian water industry average.

We also communicated our Price Proposal in a new way. The customer-focussed website ourprices.iconwater.com.au enabled us to reach out to more in our community and to describe the price setting process and equations in a simple fashion. It also included a calculator for customers to see impacts on what is important to them.

We will continue to review our service levels with customers during the 2018–23 regulatory period.



Community engagement

Community engagement, consultation and having a customer focus are priorities for Icon Water.

Icon Water has continued to carry out a broad range of engagement and educational activities with all segments of our community. These activities communicated a range of topics, including the importance of maintaining the integrity of Icon Water's assets and protecting the environment around catchment areas.

In 2017–18, Icon Water engaged the community on a range of topics including the review and implementation of technical standards and improvement of technical service processes. Icon Water also continued to engage the community on topics including the urban water cycle and Canberra's water and sewerage network, the quality of our drinking water and drain care responsibilities.

Infrastructure and network education

Every year Icon Water provides the community, particularly through schools and community organisations, with information about our network of infrastructure. This continues to be performed largely through tailored guided tours, presentations to interested groups, sharing knowledge and information face-to-face, and via our website, Twitter and YouTube channels.

Guided Tours to treatment plants, Cotter Dam Discovery Trail, asset tours and presentations

The community education program is an integral component of Icon Water's strategy to actively engage with the Canberra community. The Cotter Dam Discovery Trail remains the top drawcard for school and community groups to learn about Canberra's water supply catchments, treatment processes, urban water cycle, drain care and the role that Icon Water plays in providing essential water services. Icon Water also provides guided tours of treatment plants on request. This content is also offered as an in-school or group presentation. Since July 2017, 2,219 people have undertaken one of 65 education sessions including tours or presentations for primary and high school audiences, community groups, tertiary and industry groups and international delegations.

Heritage Week public tour

The Cotter Pumping Station was opened for tours in April as part of the 2018 Canberra and Region Heritage Festival, and was attended by 43 members of the Canberra community. The event provided a unique opportunity for the community to learn about the history of the Cotter River catchment, the dams and the history of pumping infrastructure that has been supplying Canberra with fresh, clean water the past 100 years.

Googong Dam source water protection education and engagement strategy

Googong Dam allows for restricted recreation in order to protect its role 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.

Community consultative forum

The Icon Water Community Consultative Forum is 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.

Table 4: Community consultation, engagement and education programs undertaken during 2017–18

Project	Consultation Process (tools used)	Groups or Individuals consulted	Approx. number consulted	Outcome
Guided Tours Community education program	<ul style="list-style-type: none"> Education about water resources In school presentations School tours of Cotter Dam Discovery Trail Use of website education materials Education brochure 	ACT and interstate primary and secondary schools, tertiary, university students, community groups, scout groups	3,300+	Raise awareness of water supply, sustainability, and conservation in Canberra via education of science, geography, 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	500+	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 Jerrabomberra wetlands day, Canberra Show, Million Paws Walks, Gungahlin Community Festival, Convoy for Cancer 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	170,000+	Relationship and awareness building. Knowledge of services available
Branding awareness and engagement	<ul style="list-style-type: none"> Public relations and media Inclusions in billing collateral Radio and press awareness engagement Stakeholder engagement activities Sponsorship engagement 		150,000+	
Community Consultative Forum	<ul style="list-style-type: none"> Deliberative engagement Market research 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.	Representatives of 13 community groups	Relationship and awareness building, two-way information exchange

Case Study

Guided Tours: National Youth Science Community

Icon Water's guided tour program has continued to provide technical tours for the National Science Youth Program, with three guided tours held in January 2018 for 55 passionate Year 12 science and engineering students and participating science teachers from across Australia.

The guided tours showcased the Cotter Dam, Cotter Catchment, the Cotter Dam enlargement project and our history of supplying high quality water to Australia's National Capital for over a century. The tours included Mount Stromlo Water Treatment Plant, allowing students to explore the operations and treatment processes for high quality drinking water, as well as opportunities for students to ask questions and explore career options available in the fields of science, technology, engineering and mathematics (STEM).



Guided tours were held in **January 2018** for
55 science and engineering students
from across Australia



Community support program

Icon Water's Community Support Program (CSP) is designed to maximise returns to the community and benefits to the organisation. 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.

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 by providing a focused and efficient CSP that promotes our brand and meets our commitment to the community.

Guidelines used for assessment of funding applications are published on our website. During 2017–18, we committed \$491,854 to sponsorships and donations through 65 groups, individuals and organisations.

Table 5: Community Support Program

No.	Name	Purpose	Amount \$
Sponsorships			
1	Lifeline	Organisation sponsorship	50,000
2	Menslink business breakfast and various campaigns	Business breakfast	40,000
3	Orange Sky Laundry	Sponsorship Canberra shower van	35,000
4	Canberra Symphony Orchestra	Music by the river and Community Education Program	35,000
5	Breast Cancer Network Australia	Local community information forum	20,000
6	Karinya House	Mother's Day Ball and various campaigns	18,909
7	Master Plumbers Association	Industry awards night sponsorship	15,000
8	Ronald McDonald House	Organisation sponsorship	13,750
9	St John Ambulance	Community support education program	11,606
10	Rise above capital region cancer relief	Cancer convoy 2018	10,928
11	Royal Life Saving ACT	Day at the lake/ACT water safety week	11,000
12	Barnados Australia	Charity golf day 2017	10,000
13	Physical Activity Foundation Ltd	School education programs	10,000
14	Canberra International Music Festival	Music festival sponsorship	10,000
15	RSPCA Canberra	12 barks of Christmas/million paws walk	9,091
16	Newborn Intensive Care Foundation	Bake for babies	8,000
17	The Shepherd Centre for deaf children	Chime time, musical therapy program	8,000
18	50/50 by 2030 Foundation	Corporate sponsorship	7,500
19	BDW Special Events Pty Ltd	Chief Ministers Inclusion Awards	7,500
20	Oz Harvest	Commercial dishwasher	6,818
21	Camp Quality Ltd	ACT Giggle Ball	6,000
22	Australian Water Association	Industry conference sponsorship	6,000
23	West Magpies Basketball Club	Season sponsorship	6,000
24	The Salvation Army	Christmas carols concert	5,000
25	Friends of the Botanic Gardens	Summer sounds concert	5,000
26	Veterans Motorcycle Club	Tour of Duty – Poker Run	5,000
27	Western District Junior Cricket Club	Major seasonal sponsor	5,000
28	The Village Festival	The world kitchen sponsor	5,000
29	Multicultural Festival 2018	Bronze level sponsor	5,000
30	Tuggeranong Bushrangers	2018 season sponsor	5,000

Section 2: Performance

No.	Name	Purpose	Amount \$
31	Gungahlin Jets	2018 season sponsor	5,000
32	Canberra Home Building Renovations Expo	Exhibition sponsorship	5,000
33	Jerrabomberra Fire Brigade	Corporate sponsorship	4,800
34	Master Builders Association	Builders Excellence Awards	4,300
35	Canberra Amateur Swim club	Christmas classic sponsor	4,000
36	AWA Water Leaders Dinner	Corporate sponsorship	3,055
37	Hands Across Canberra	Business fundraiser lunch	3,000
38	National Sheep Dog Trials	Corporate sponsorship	3,000
39	West Magpies Basketball Club	2018 season sponsor	3,000
40	Committee for Economic Development of Australia	Chief Minister's budget lunch	2,950
41	Conservation Council ACT	World environment day event	2,500
42	Communities @ Work	Gungahlin Festival	2,500
43	Amaroo Parents and Citizens	Multicultural street carnival	2,250
44	Woodlands Trust	Corporate sponsorship for wetlands open day	2,000
45	NAIDOC	'Because of her we can' event	2,000
46	Queanbeyan Blues	2018 season sponsor	2,000
47	Shakespeare by the Lake	Corporate sponsor	2,000
48	ACT Artist Society	The ACT and Region Catchment Groups Art Exhibition	2,000
49	Uni Norths Rugby Union Club	2018 season sponsor	2,000
50	Domestic Crisis Violence Service	Gala dinner	1,909
51	ACT Valley Dragons	2018 season sponsors	1,500
52	St Vincent Primary School	Ninja colour run 2017	1,000
53	Belnorth Football Club	2018 season sponsor	1,000
54	CIT Health Day Out	Wellness and engagement exhibit	1,000
55	Wii-ma-li Touch Football team	2017 season sponsor	500
56	Tourist Cricket team	2017-18 season sponsor	500
Donations			
57	Kids in Care	Organisation donation	7,000
58	St Johns Care	Organisation donation	5,000
59	Diabetes Australia	Organisation donation	5,000
60	Marymead	Donation to mulch program	5,000
61	Dementia ACT	Organisation donation	5,000
62	Domestic Crisis Violence Centre	Donation	2,855
63	The Salvation Army	Organisation donation for Red Shield Appeal and Canberra Show	2,000
64	Parkinsons ACT	Donation - ACT walk in the park	1,200
65	Oz Harvest	Donation	868
66	Steve James	Donation Special Olympics	475
67	Youth Care	Donation change readiness survey	475
68	Wildlife ACT	Donation change readiness survey	380
69	Every Man	Donation change readiness survey	335
70	St Vincent de Paul Society	Vinnies CEO Sleepout	300
71	Toora Women	Donation change readiness survey	99
Total			\$491,854

Case Study

Orange Sky Laundry

Icon Water has a strong focus on demonstrating social responsibility as part of our commitment to the United Nations sustainable development goals and supporting the broader community.

We identified the opportunity to provide support and improve access to essential water services to those in need within Canberra and Queanbeyan.

We approached Orange Sky Laundry offering financial funding to this non-profit essential services provider and contributed to the launch of the city's first hybrid van, making free mobile laundry and hot shower services available to homeless people across the ACT. In April 2018 alone the service provided 145 washes and 253 hours of positive conversation to those living on the streets.



In April 2018 Orange Sky Laundry provided...

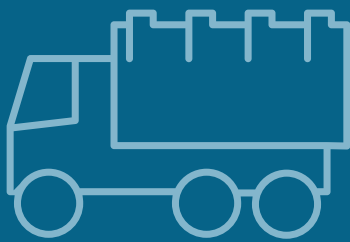
▶ **145**
free mobile laundry washes

▶ **253**
hours of positive conversation
to those living on the streets
in the ACT.



In April 2018...

▶ We participated for the **third consecutive year** in the **Convoy for Cancer**



▶ **Fourteen trucks** participated in the convoy



▶ Helped **Rise Above** provide **financial assistance and support** to cancer patients and family residing with them in the ACT, Queanbeyan and surrounds

Case Study

Rise Above Cancer Convoy

In April 2018, Icon Water participated for the third consecutive year in the Convoy for Cancer. This year, we had fourteen trucks participating in the Convoy, double the number of trucks from our first year.

Rise Above Capital Region Cancer Relief provides financial assistance and support to cancer patients and family residing with them within the ACT, Queanbeyan and surrounds.

We are proud that our Community Support Program provides us with the opportunity to support organisations such as Rise Above.



Sewerage operations

Icon Water performed well against its environmental authorisations, achieving the following compliance results:

Lower Molonglo Water Quality Control Centre – emissions	99.7%
Lower Molonglo Water Quality Control Centre – effluent	100%
Uriarra Sewage Treatment Plant	99.8%
North Canberra Water Reuse Scheme**	N/A

**note North Canberra Water Reuse Scheme is not currently operational

For the period 2017–18, Lower Molonglo Water Quality Control Centre (LMWQCC) treated a total wastewater inflow (raw sewerage) of 33.3GL with a final effluent discharge of 30.2GL. Recycled effluent reuse on site was approximately 2.0GL.

Significant capital investment continues at LMWQCC. A number of assets and functional areas have been upgraded over the last 12 months, most notably refurbishment of the aeration system has been completed and upgrade of the filter system has commenced. The continuing program of work aims to improve capacity, stabilise operational performance and ensure the plant continues to achieve compliance with the Environmental Authorisation into the future.

The Liquid Waste Receiving Facility at LMWQCC has commenced operation. This facility will ultimately replace the existing discharge point at Coppins Crossing, which has been forecast for closure.

The resource recovery agreement for the LMWQCC Agri-ash with the NSW Environment Protection Authority has been completed and is in operation. The agreement ensures the continued reuse of inert ash, generated through the incineration process at LMWQCC, as an agricultural product within the region.



Lower Molonglo Water Quality Control Centre - Secondary Clarifier

Case Study

Blower aeration project

The Blower Aeration system is part of the secondary treatment process at the Lower Molonglo Water Quality Control Centre (LMWQCC). The secondary treatment process relies on an abundant and healthy microbial community. Aeration is essential to provide dissolved oxygen and keep the micro-organisms suspended so they can consume the waste. The blowers create the right amount of additional air flow, at any time, to enhance aeration efficiency.

This project has replaced the 38 year old aeration system with modern, energy efficient systems that are capable of sustainable and reliable operation into the future. The works included installing six new variable speed high efficiency blowers and associated electrical systems, new switchboards and upgrades to the building ventilation systems, communications and controls.

The project benefits our operations and the community through:

- ▶ energy efficiency and reduced electricity costs
- ▶ built-in redundancy
- ▶ flexibility to turn individual blowers on and off with fluctuation in demand
- ▶ improved safety of operations
- ▶ increased capacity to meet the demands of our growing city.

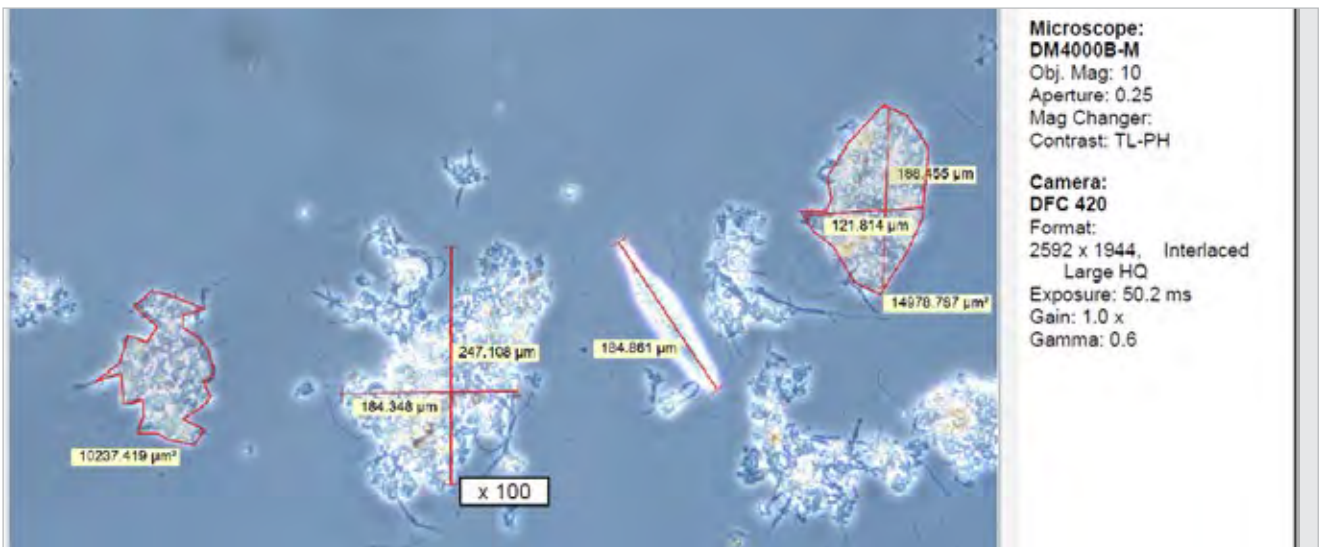
Extensive planning with operational personnel was required to coordinate shutdowns of existing blowers in sequence with the project schedule. This maintained the redundancy of the existing blowers while the new blowers were installed.



Old blowers



New blowers



Icon Water scientists can analyse the bugs onsite

Water operations

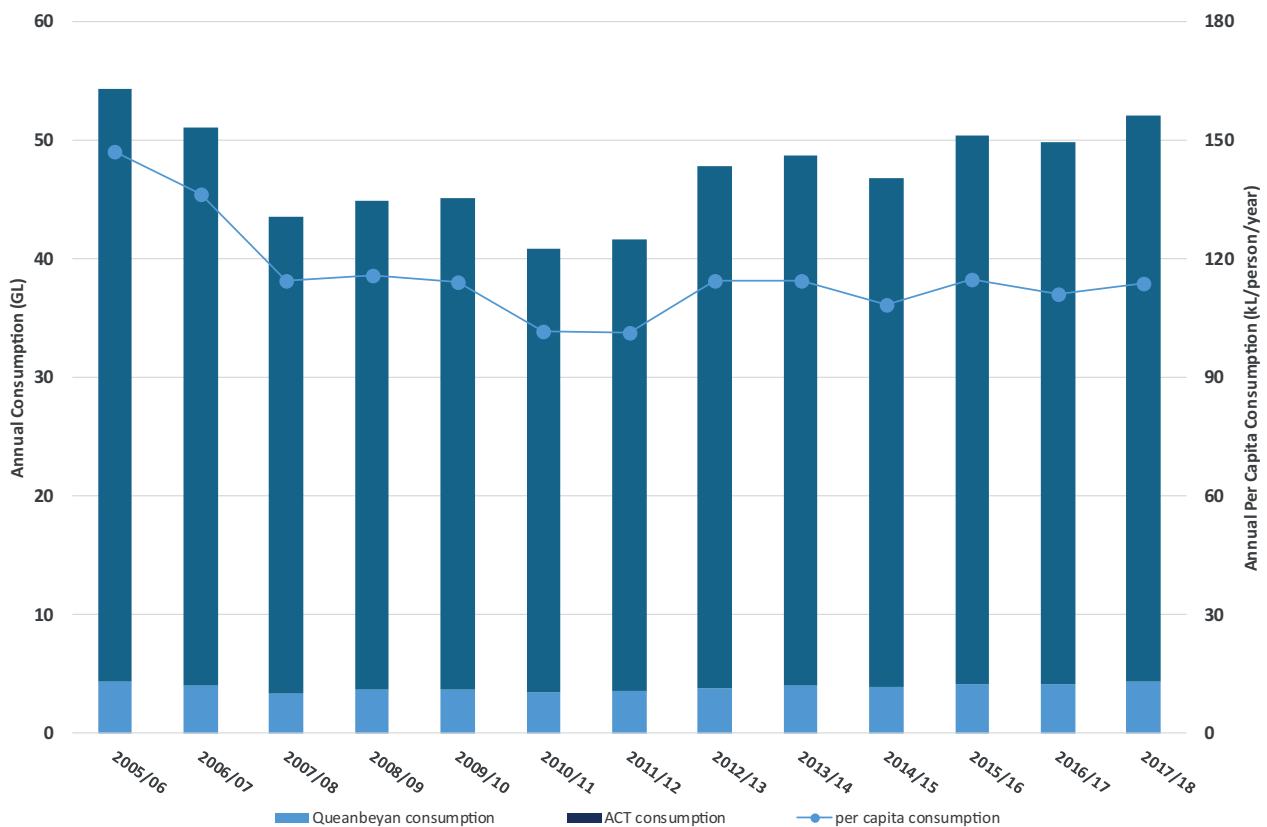
Canberra Airport rainfall for the reporting period totalled 497.6 mm, which was a decrease from the previous 12 month period of 613.8 mm due to a drier than normal spring. Icon Water's combined dam capacity was at 69 per cent of the total 278GL volume at the end of June 2018, a significant decrease on the 84 per cent capacity recorded at the end of June 2017.

The Cotter Dam was used to source water for production for the first time following completion of the new dam due to combined dam storage levels being at the lowest level since September 2013.

Canberra's long term water future is still considered to be very secure following major investments in source water infrastructure coupled with reductions in demand. Since water restrictions were removed in November 2010, per capita water consumption in Canberra and Queanbeyan has consistently been 35–40 per cent 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.

After the Murrumbidgee to Googong water transfer scheme was audited and successfully demonstrated compliance and safe operation of the pipeline, an extension was granted to perform the next audit by November 2018, so there was no audit in the 2017–18 financial year. Operation of the system has been limited due to low levels in the Murrumbidgee River.

Figure 2.1: Annual water consumption for the ACT and Queanbeyan



Drinking 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 five notifiable events to ACT Health as per the Code during the year.

Icon Water maintained third-party certification of its Hazard Analysis and Critical Control Point (HACCP) based risk management system for water quality management in 2017–18 and achieved a rating of Excellence in HACCP and Good Manufacturing Process (GMP).

Icon Water also published its Annual Drinking Water Quality Report 2016–17 in accordance with the Code in October 2017 (the report is available at iconwater.com.au). The 2017–18 report will be published in October 2018.



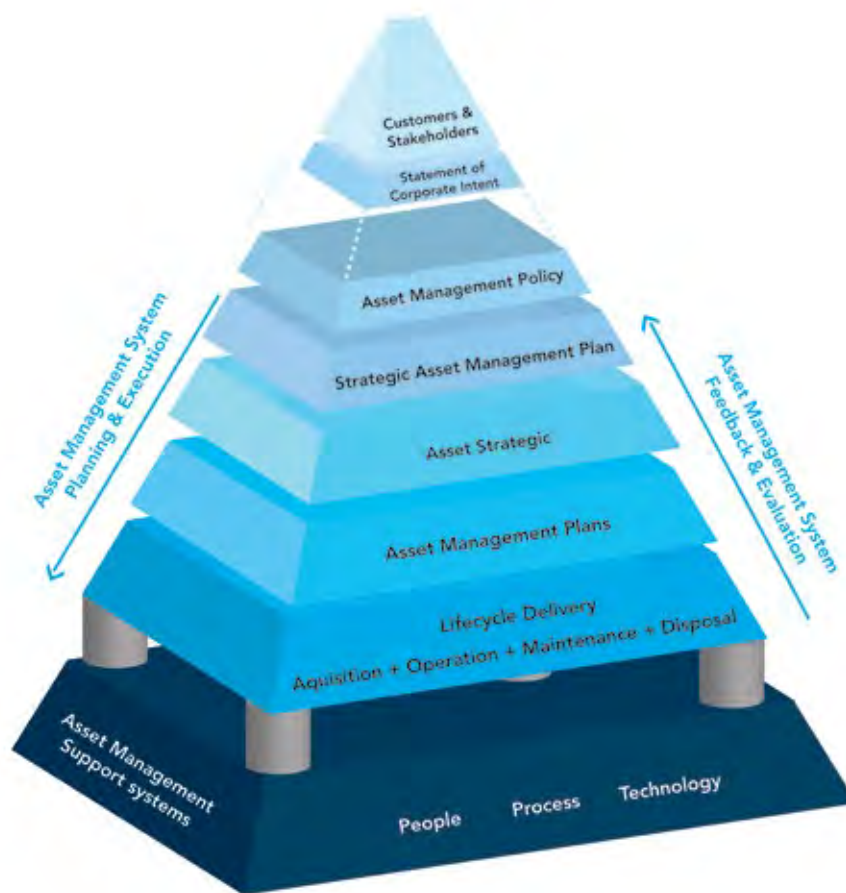
Asset management

Broadly speaking, Icon Water manages its assets so as to enable achievement of three objectives:

- a positive customer experience
- sustainable value to our shareholders and community
- a safe workplace.

To support this, we have in place an Asset Management System (AMS) that aligns with ISO 55001:2014 Asset Management – Management Systems: Requirements. Figure 2.2 shows the key elements of our AMS. The AMS helps us maintain a line of sight between our customer requirements, strategic objectives and asset life cycle management.

Figure 2.2: Asset Management System



Icon Water is committed to continually improving its AMS. During 2017–18 we continued the execution of elements of the AMS. In particular we:

- revised and simplified our standards to align with Water Services Association of Australia guidelines and progressively released these for public consultation⁹
- reviewed processes for asset acquisition from developers (gifted assets) prior to implementation of the Water and Sewerage Capital Contributions Code and release of the revised standards
- undertook a beta-release of mobile mapping capability, with final release expected in early 2018–19, as part of an upgrade to our geospatial information system
- developed an asset level strategy for our source water, which was endorsed by the Icon Water Board in May 2018.

⁹The new standards were implemented on 2 July 2018.

Case Study

Canberra's sewage treatment plant receives recognition from Engineers Australia

Canberra's main sewage treatment plant, Lower Molonglo Water Quality Control Centre (LMWQCC), received a significant accolade from Engineers Australia with the presentation of the Historic Engineering Marker interpretive panel on 15 August 2017.

Being the main wastewater treatment facility for Canberra and the largest inland wastewater treatment facility in Australia, LMWQCC works hard to ensure that we have reliable sewerage services every day and are able to release treated quality water back into the environment.

LMWQCC was planned in the late 1960s and built from 1974–1978 for almost \$50 million. To rebuild a similar plant today would cost around \$600 million. The plant treats 80 to 90 million litres of sewage every day, or around 290 billion litres a year, to a quality that is often better than the river that its released into. The treatment plant removes an average of 1 million litres of sludge, and creates 16 tonnes of ash a day. LMWQCC was built to service the needs of Canberra's population, and could be extended to serve up to a million people.

The Engineer's Australia's Engineering Heritage Recognition Program placed an interpretive panel at the entry of LMWQCC to show the treatment plant's national engineering significance. Engineers Australia established the Australian Historic Engineering Plaquing Program in 1984 to provide recognition to engineering works of historic or heritage significance and to the hard working engineers who created them.

The Engineering Heritage Marker is the ultimate accolade of engineering heritage significance.



Source Water Strategy

Icon Water is committed to providing a safe, secure and sustainable water supply for the people of the ACT and the region for generations to come.

Our Source Water Strategy 2018–2030 (Strategy) aims to ensure Icon Water meets unrestricted water demand for the ACT and region 95 per cent of the time. The Strategy also confirms that Icon Water's source water system can withstand much more severe droughts than have been observed historically and verifies that our water entitlements are sufficient for the foreseeable future.

Icon Water has built infrastructure to improve source water security since the Millennium Drought. The ACT and region have also reduced per capita consumption by 40 per cent. These two factors mean we are unlikely to require water restrictions for the next several decades.

We continually assess the capability of the source water system to meet the needs of our current and future customer demands under a variable and changing climate. The key findings of the current assessment (May 2018) are:

- Our source water system is currently very secure. In the next 20 years, each year has an average probability of 0.9 per cent (1 in 110) of experiencing water restrictions. This compares favourably with the target level of service of 5 per cent (1 in 20).
- Our source water system is expected to satisfy the required level of service for at least several decades.

In addition to the level of service requirement, the strategy has identified performance targets for the source water system. Response actions have also been identified if the capability assessment fails these targets.

Murrumbidgee to Googong water transfer scheme

The Murrumbidgee to Googong (M2G) pipeline is an important asset for the ACT's long-term water security.

M2G is a 12 kilometre pipeline that can transfer water from the Murrumbidgee River into the Googong Reservoir when needed.

The M2G pipeline was completed and commissioned in August 2012 as part of a suite of water security projects initiated during the Millennium Drought. The pipeline provides additional water supply in the event that Canberra faces similar drought conditions again.

The pipeline runs approximately three kilometres through the ACT and nine kilometres through NSW. Beginning at Angle Crossing on the Murrumbidgee River in the ACT, the pipeline runs through to the Williamsdale Road crossing of Burra Creek in NSW. The M2G pipeline can transfer up to 100 megalitres of water per day.

We can operate the M2G pipeline in three modes – operating, standby and suspension. Depending on our future water storage levels and climate forecasts, the three modes can be adjusted.

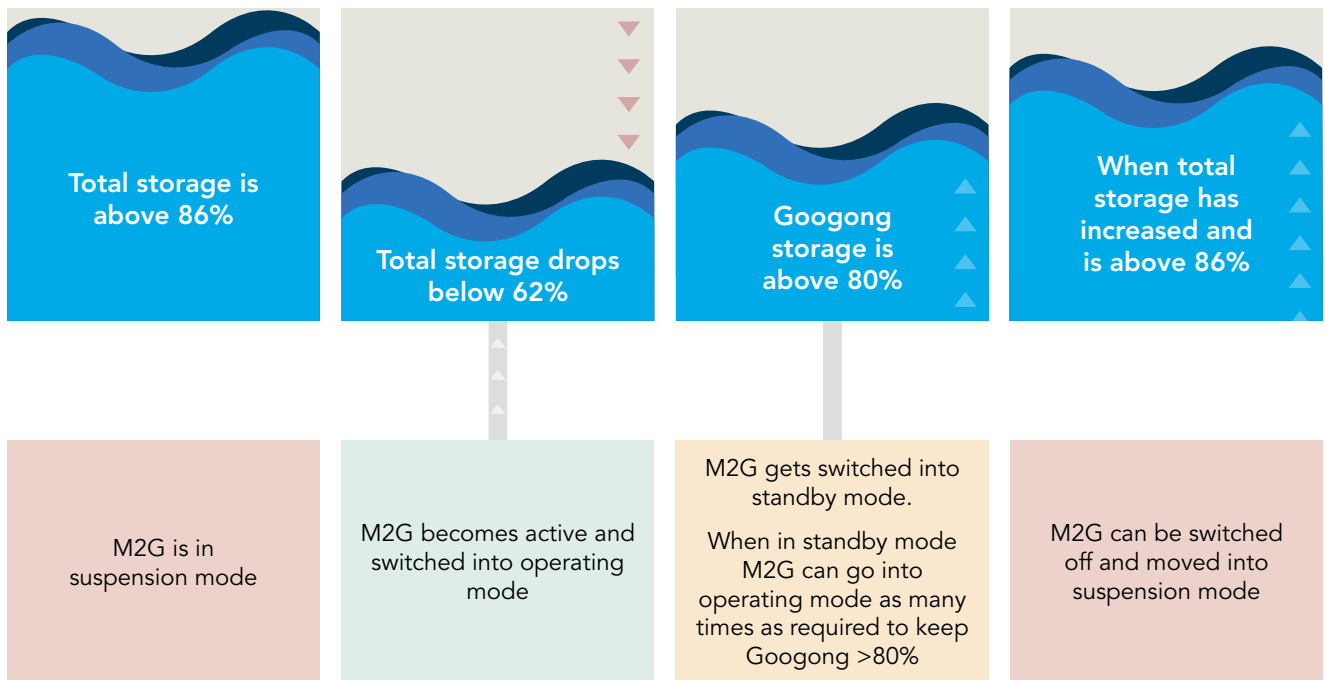
When in suspension mode we can reduce operational expenditure because we do not have to inspect or maintain the assets as frequently. This ultimately provides an economic benefit for the Canberra community. If we enter a prolonged dry period and water levels drop, the M2G can be switched to operating mode.

The M2G operating guideline (figure 2.3) is an input to decision-making. Icon Water also considers other factors such as whether there is sufficient seasonal base flow, temperature and turbidity in the Murrumbidgee River, in accordance with the regulatory approvals in place.

As at 30 June 2018, the pipeline remained in standby mode.

Figure 2.3: General guide storage triggers for M2G modes as at May 2018

General guide for M2G modes



M2G modes

OFF Suspension mode ON Operating mode HOLD Standby mode



Angle Crossing High Lift Pump Station M2G

Capital works and major infrastructure

Lower Molonglo Water Quality Control Centre (LMWQCC) – Renewal and Upgrade Program

The LMWQCC was constructed in the 1970s and as such significant components of the plant are now in the process of replacement or upgrading.

Major projects continued or completed in the 2017–18 financial year include:

- **Aeration system renewal** - The aeration system is a fundamental element of the sewage treatment process aimed at sustaining biological treatment. This project is replacing end of life mechanical equipment with new technology. Stage 1 and 2 of the building works have been completed with stage 3 and final commissioning due for completion in 2018–19.
- **Solids handling** – The solids handling project has multiple parts including furnace and exhaust upgrades, screening and ventilation upgrades, centrifuge replacement and a new sludge holding tank. These works are under construction with the new sludge holding tank currently in final commissioning. The remainder of the works will be progressively completed over 2018–19 and 2019–20.
- **Tertiary filters and disinfection upgrades** – The tertiary filters and disinfection upgrade project has progressed into the construction stage following a complex detailed design process and review in 2017–18. The backwash storage tank repair pre-works were completed this year with the remainder of this large project due for completion in 2020–21.
- **Other renewal works** – Several other renewal works were completed this reporting period including the replacement of electrical instrumentation and control units, chemical dosing systems renewals, renewal of roof structures and the mechanical workshop refurbishment.

Water Network Electrical, Instrumentation, Monitoring and Control (EIMC) renewal

The Water Network EIMC project will replace ageing real-time control and monitoring equipment at 93 separate sites including pump stations, reservoirs and valve farms in the water network system. This program of work covers approximately 50 per cent of all water network sites. Condition assessments and scope of works definition are complete with the sites being divided into five groups for staged delivery. Designs for Group one were completed during 2017–18 with construction works scheduled for completion during 2018–19. The remaining program of works will be undertaken progressively over a four year period.

North Weston odour and ventilation improvements

Improvements to the North Weston odour control system is nearing completion with a new ventilation system being constructed throughout 2017–18. The purpose of the new works is to remove foul air from the existing sewerage infrastructure and disperse it to the atmosphere. This will protect the existing infrastructure and reduce the likelihood of odour complaints from residents.

Critical Infrastructure security upgrades

Construction began on Critical Infrastructure security upgrades this financial year with several select sites at a critical rating, as defined in the Icon Water physical security standard. These sites include:

- Googong Water Treatment Plant
- Lower Molonglo Water Quality Control Centre
- Bendora Dam
- Corin Dam
- Googong Dam

The upgrade of security infrastructure will also see a hierarchical replacement of all keys and locks and the implementation of a new key management system for identified Icon Water assets. All works are expected to be completed toward the end of 2018–19.

Solar Power rollout program

To reduce Icon Water's electricity costs and greenhouse gas emissions, a project was initiated in this reporting period to implement ground and roof-top mounted solar photovoltaic (PV) panels across various sites. The solar PV assets are proposed at the following locations, with final completion in mid 2018–19:

- Cotter Dam
- Stromlo Water Treatment Plant
- Mitchell Office
- Lower Molonglo Water Quality Control Centre

Sewer mains and water mains rehabilitation programs

The sewer and water mains rehabilitation programs seek to replace old and damaged pipelines in the water and sewer networks to maintain the reliability of water supply and wastewater services for the Canberra community. 2017–18 saw a continuation of these rolling annual programs with approximately 9kms of water mains replaced and 19kms of sewer main rehabilitation undertaken. The majority of this work utilised pipe bursting and relining technologies which enabled the renewal of assets without the need for open trench excavation, hence minimising disruption to the Canberra community.

Water meter and domestic service upgrade program

2017–18 saw a continuation of the annual water meter and service upgrade program. A total of 6,336 meters were replaced during the year.

Case Study

Renewable energy generation at Icon Water

Icon Water is building a portfolio of renewable energy generation across our sites and assets, so that we can reduce our environmental footprint, reduce our operating costs and be resilient to the effect of heatwaves.

We have been harnessing the power of water to generate energy at Bendora Dam, Googong Dam and Stromlo Water Treatment Plant for many years. Most of this energy is used for operation of our assets and some is exported to the electricity grid.

Now we have also turned our attention to the power of the sun. During 2017–18, we established a capital works project to rollout solar photovoltaic cells across our sites at Lower Molonglo Water Quality Control Centre (LMWQCC), Cotter Dam, Stromlo Water Treatment Plant (WTP) and on the roof at our Mitchell Office. We have already started installing the panels at our Mitchell site and will continue to rollout solar PV during 2018–19.

When the projects are completed, we will have around 7,000 panels in our asset base to generate around 3,609 MWh in the first year of operation. With significant increases to electricity prices currently under contract, this project will deliver average energy cost savings worth \$630,000 per annum over the life of the assets. It will also deliver new revenue worth on average \$100,000 per annum over the life of the assets through exports and trading energy generation certificates.

This project is a key initiative under Icon Water's Energy Management Strategy 2018–19 to 2022–23 in meeting the target of maintaining Icon Water's energy expenditure at 2016–17 levels (\$6.7 million) by 30 June 2023. Our entire renewables portfolio combining solar and hydro is expected to generate Icon Water over \$1.2 million in savings and revenue – roughly 20 per cent of our electricity costs.



Solar PV Panels at Mitchell office

Case Study

North Weston Odour Control Works

The Molonglo Valley Interceptor Sewer (MVIS) is a 2m diameter sewer that transports a significant amount of Canberra's sewage loading to Lower Molonglo Water Quality Control Centre.

A forced ventilation system is currently being constructed that connects to the MVIS at Coombs. The purpose of the new works is to remove odour from the existing sewerage infrastructure and disperse it to the atmosphere. This will protect the existing infrastructure and reduce odour concerns from residents.

The scope of the new ventilation system includes:

- ▶ a new offtake structure on the existing trunk sewer
- ▶ 520m of 1,200mm diameter pipework
- ▶ a new fanhouse located on Ryan's Hill
- ▶ a new ventilation stack
- ▶ five air inducts located within the sewerage network
- ▶ a new 1,600m long high voltage power supply



Ventilation ducting manifold

The construction of the fanhouse, offtake structure and air inducts (including pipework) occurred in this reporting period. This infrastructure is due to be commissioned prior to the end of December 2018. This will bring into service infrastructure that will benefit the community and protect Icon Water's major sewerage assets.

All works are being constructed using local contractors who are being managed by Icon Water Infrastructure Services Group (ISG). Furthermore, community engagement has played a prominent role in delivering these works, with this activity also performed by ISG with support from the Icon Water Customer Engagement team.



Construction of fanhouse

Case Study

Googong East Works

The purpose of this project is to supply Googong Township with potable water from Icon Water's bulk supply network. The physical works were completed in September 2017 and included:

- ▶ augmentation of the existing potable water pump station – including several system shutdowns that have involved management of the water supply to the township
- ▶ construction of a new pump station consisting of three centrifugal pumps to serve the water recycling plant
- ▶ construction of 1,200m of 375mm diameter pipework complete with revenue meter infrastructure
- ▶ electrical works (power supply and communications).

The project has involved extensive stakeholder engagement to ensure the project is successful.

All works are being constructed using local contractors who are managed by Icon Water Infrastructure Services Group (ISG).



Googong Treatment Plant



Googong Township Pump Station



Hardstand area at Googong Township Pump Station

Research, development and innovation

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 sewerage services.

The program includes working in partnership with locally based and national universities and industry through the Water Services Association of Australia (WSAA). These relationships provide access to research organisations such as Cooperative Research Centres, Water Research Australia (WaterRA), the Water Environment Research Foundation (WERF), the Smart Water Fund and the Australian Research Council (ARC).

During 2017–18, Icon Water continued to participate in the WSAA Technology Advisory Group convened by Isle Utilities to explore and provide feedback on opportunities for new technologies or services to be introduced into the water industry through collaborative trials.

The following research and development projects continued or were completed during 2017–18:

- ‘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.
- ‘National guidelines for discharge of chlorinated water’ – a national project facilitated by WSAA to establish national guidelines for de-chlorination of potable water discharged to the environment.
- Contribution to the ARC Linkage project led by the University of Canberra Institute of Applied Ecology titled “Diagnostic river health indicators via macroinvertebrate traits”. This project will develop methods to identify causes of ecological condition in flowing water, and input to a local aquatic macroinvertebrate barcode reference library for common macroinvertebrate species collected from ACT rivers, thus improving bioassessment required for Icon Water’s monitoring programs.
- Participation in a Cooperative Research Centre Projects (CRC-P) / WSAA project to understand the performance of pipe linings and develop innovative solutions to pipe linings on critical pipes. This includes improving methods of in-situ investigation through the use of sensors and improved inspection technologies.
- Participation in a WSAA coordinated project “Quantifying the Liveability Associated Health Benefits of Water Industry Investments”. Results of this study will be available in late 2018.
- Collaborative local technology trials were commenced, including a Smart Water Network trial with ActewAGL, a Smart Standpipe trial with Skilltech, alum sludge reuse trials with SESL Australia and an active sewage sludge composting trial with Snowy Monaro Regional Council.

Icon Water won the ACT Research Innovation Award and ACT Infrastructure Project Innovation Award at the ACT Australian Water Association’s Leaders Dinner and Awards in September 2017.

The Research Innovation Award was for our work with Enlarged Cotter Dam Fish Monitoring and Research. This ongoing research program with the University of Canberra has improved our understanding of management of inland reservoirs and rivers with native endangered fish populations.

Case Study

Targeted sewer cleaning program

In an Australian first, Icon Water with AECOM and SEAMS applied an innovative Enterprise Decision Analytics approach to model future sewer asset interventions, costs, and performance over a planning horizon of a 20 year period. This application is a leading practice example of an emerging area in asset management using big data and an analytics tool to efficiently inform investment decisions.

The greatest value of this project comes from being able to model how customers could potentially be impacted by sewer breaks or blockages. This means that we now can understand these impacts on projected levels of services to customers into the future and the overall benefits and costs under different scenarios.

In September 2017, this project won the AWA ACT Award for Infrastructure Project Innovation.

Economic regulation

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

On 1 July 2017, 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 2017–18, water prices rose by 2.7 per cent and sewerage prices by 1.5 per cent. As a result of the price adjustments, the annual water and sewerage bill for a typical Canberra household rose by 2.2 per cent, or \$25 per year. The increase in water prices above the rate of inflation was due to the removal of the one-off substantial negative pass-through included in 2016–17 prices.

The ICRC completed a comprehensive review of Icon Water's water and sewerage prices for the 2018–23 regulatory period following Icon Water's submission of a price proposal to the ICRC on 30 June 2017. As part of this review, Icon Water made a presentation to a community consultation forum into water and sewerage prices, facilitated by the ICRC, in September 2017.

The ICRC published a draft decision into water and sewerage prices for the 2018–23 regulatory period in December 2017 and facilitated a public forum on its draft decision in February 2018. Icon Water made a formal presentation at this public forum and submitted a written response to the ICRC's draft decision on 23 February 2018.

Icon Water developed an easy to navigate, interactive website to communicate the price proposal and regulatory process to the community.

The ICRC handed down its final determination on water and sewerage prices for the 2018–23 regulatory period on 1 May 2018. The determination resulted in a 3.5 per cent (or about \$42) reduction in the combined annual bill for a typical Canberra household consuming 200 kL per annum with expected increases by around 2 per cent each year for the rest of the regulatory period, which is roughly in line with expected inflation. The lower prices result from efficiencies in Icon Water's planned operating and capital expenditure and lower interest rates. As a result of the ICRC's final decision, the combined water and sewerage services bills payable by residential consumers in the ACT will remain lower than the average of comparable jurisdictions.

As part of the determination, the ICRC agreed with Icon Water's proposal to gradually rebalance water tariffs to more closely reflect costs.

Business transformation

The organisation has continued progressing towards enhancing our future long term capability and our ability to provide quality processes. While this focus will continue, the emphasis moving forward is enhancing information communications and technology (ICT) as a key enabler.

To ensure we have an integrated and streamlined ICT capability across the business we have commenced:

- renewing core operational systems to improve security and performance
- integrating mobility capability to increase operational efficiency
- adding new business and asset analytical systems to drive data-driven decision-making
- making better use of cloud infrastructure to reduce costs.

Supporting the rollout of system functionality will be the continuation of activities to refine our operational 'target state', and identification of the new people capabilities required.

Ecologically sustainable development

Icon Water has continued to drive programs which protect the environment and deliver sustainable outcomes. We have achieved this through activities performed in line with our Environmental Management System (EMS) certified to the international standard AS/NZS14001 and our sustainability framework supported by a three year action plan.

Enabled by a team of environment and sustainability professionals, during 2017–18 Icon Water undertook 244 environmental assessments and obtained 46 environment and planning approvals for our activities. Icon Water demonstrated incorporation of ecologically sustainable development into decision-making, as required under the *Territory-owned Corporations Act 1990 (ACT)*, through completion of sustainability assessments incorporating consideration of environmental and social impacts and opportunities into investment planning and delivery of capital projects.

Icon Water has continued to demonstrate environmental compliance in meeting all environmental flow requirements, licence requirements, environmental authorisations, and project approval conditions this financial year. To help achieve this, environmental management plans (EMPs) were developed for key activities and sites to reduce our impact on the environment, in accordance with current environmental authorisations and protection agreements. Icon Water also successfully delivered our Bushfire Operational Plan 2017–18, removing fuel loads around key Icon Water assets and facilities to reduce risk to assets, staff and public safety.

Maintaining catchment health is critical to protecting drinking water supply quality. In July 2017, we revised our Source Water Protection Strategy to improve the management of ACT and region drinking water catchments. A specific focus has been placed on identifying and prioritising erosion hotspots within the Googong catchment through the development of the Googong Catchment Actions for Clean Water Plan in collaboration with government and community stakeholders. We also supported the ACT Government in the development of an ACT and Region Catchment Post Emergency Recovery Plan to better prepare for the management and rehabilitation of regional catchments following a natural disaster or emergency event.

Icon Water continues to meet its obligations to protect threatened fish species in the Cotter Reservoir and works closely with the ACT Government, Commonwealth environmental regulators and the University of Canberra to support monitoring, research and management actions. Our sustained effort achieved the 2017 ACT Water Research Innovation Award from the Australian Water Association for our Enlarged Cotter Dam Fish Monitoring and Research Program.

As part of our sustainability focus, Icon Water developed a five year Waste Management Strategy and performed a comprehensive study into waste management practices and volumes to identify opportunities to reduce waste to landfill, generate efficiencies and find alternative beneficial reuse disposal options. Responsible removal of our Mount Stromlo demountable offices in 2017 resulted in 99 per cent of all materials from the demolition being reused and only 1 per cent sent to landfill.

Icon Water revised its energy strategy this year with the aim of building energy resilience, improving energy efficiency and increasing our renewable energy portfolio. A major program is underway to deliver solar photovoltaic energy generation at several sites including Cotter Dam, Stromlo Water Treatment Plant and Lower Molonglo Water Quality Control Centre over the next twelve months. Continuing the focus on renewable energy, the Stromlo mini-hydro is now included as a renewable energy asset of the ACT Region Renewable Energy Trail. Tours of the mini hydro were provided to the public as part of the South East Region of Renewable Energy Excellence community open day in November 2017. We continue to implement initiatives that will achieve improved energy efficiency and monitoring.

Sustainable development performance

During the reporting period, Icon Water generated less renewable energy than the previous year due to the reduced operation of the hydroelectric turbines. The reduced operation of our hydro-electric turbines at Stromlo and Googong was due to changes in where we sourced our water and a reduction in some of our environmental flow releases, in response to the lower rainfall and dam reservoir levels across our catchments. This change in water sources during the year also led to an increase in reported electricity use, in part due to the operation of the Cotter pump station to source water from the Cotter Dam.

Closure of the Mount Stromlo office and the discontinuation of organic material pick up from this site has reduced organic material recycling figures considerably for the reporting period.

A significant reduction in reams of paper purchased demonstrates the increased use of technology in the office to support a paperless culture.

Table 6: 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	397.3	373.9	6.3
Stationary energy usage^a				
Electricity use	Kilowatt hours	37,576,507	34,394,893	9.3
Renewable electricity use	Kilowatt hours	871,791	1,505,852	-42.1
Natural gas use	Megajoules	960,384	1,431,426	-32.9
Transport fuel usage				
Total number of vehicles	Number	133	133	0
Total kilometres travelled	Kilometres	2,239,400	2,356,420	-5.0
Fuel use – Petrol	Kilolitres	20.4	18.6	9.6
Fuel use – Diesel	Kilolitres	398	393.6	1.1
Fuel use – Liquid Petroleum Gas (LPG)	Kilolitres	0	0	0
Fuel use – Compressed Natural Gas (CNG)	Kilolitres	0	0	0
Water usage^b				
Water use	Kilolitres	90,267	109,905*	-11.42
Resource efficiency and waste				
Reams of paper purchased	Reams	1,944	2,851	-31.8
Recycled content of paper purchased	Percentage	80%	81%	1.3
Waste to landfill ^c	Tonnes	2,679	2,773**	-3.4
Co-mingled material recycled	Tonnes	9.6	11.6	-17.2
Paper and cardboard recycled (incl. secure paper)	Tonnes	34.6	32.8	5.5
Organic material recycled	Tonnes	0.2	1.13	-82.0***
Greenhouse gas emissions^d				
Emissions from stationary energy use	Tonnes CO ₂ -e	37,147	36,337	2.2
Emissions from transport	Tonnes CO ₂ -e	1,189	1,172	1.5
Total emissions	Tonnes CO ₂ -e	49,973	48,450	3.1

Table notes

- ^a 2017–18 electricity, natural gas use and greenhouse gas emission figures have been estimated as not all invoicing has been received at the time of data collection.
- ^b Water use data excludes direct water consumption at the Bunda Street office (where Icon Water occupies one floor).
- ^c Waste to landfill includes general office waste, maintenance waste and treatment plant material disposed of to landfill including alum sludge, screening material and security burial material. Waste to landfill data does not currently include project construction and demolition waste data.
- ^d Total emissions also include stationary fuel oil, diesel and petrol emissions plus fugitive nitrous oxide emissions.
- * The published 2016-17 water consumption figure of 109,891 KL has been adjusted to reflect a meter reading reversal.
- **The published 2016–17 waste to landfill figure of 2371.3 tonnes has been adjusted to include maintenance waste.
- *** The organic material figure excludes all organic waste generated at Icon Water's Mitchell and Lower Molonglo sites which is composted onsite for future beneficial reuse.

Case Study

Clean Up Australia Day

Icon Water volunteered in the 2018 Business Clean Up Day. We participated in a joint clean up event with Ginninderra Waterwatch and the ACT Government to remove rubbish from the banks and park areas surrounding the McKellar Wetlands.

Our volunteers collected 20 bags of rubbish, a chair, a car tyre and car battery from the Wetlands area.

Since 2012, we have participated every year in Clean Up Australia Day to benefit our local community and the environment.

Participation in these events aligns with Icon Water's sustainability principles to:



Enrich our neighbourhood



Respect resources



Care for tomorrow

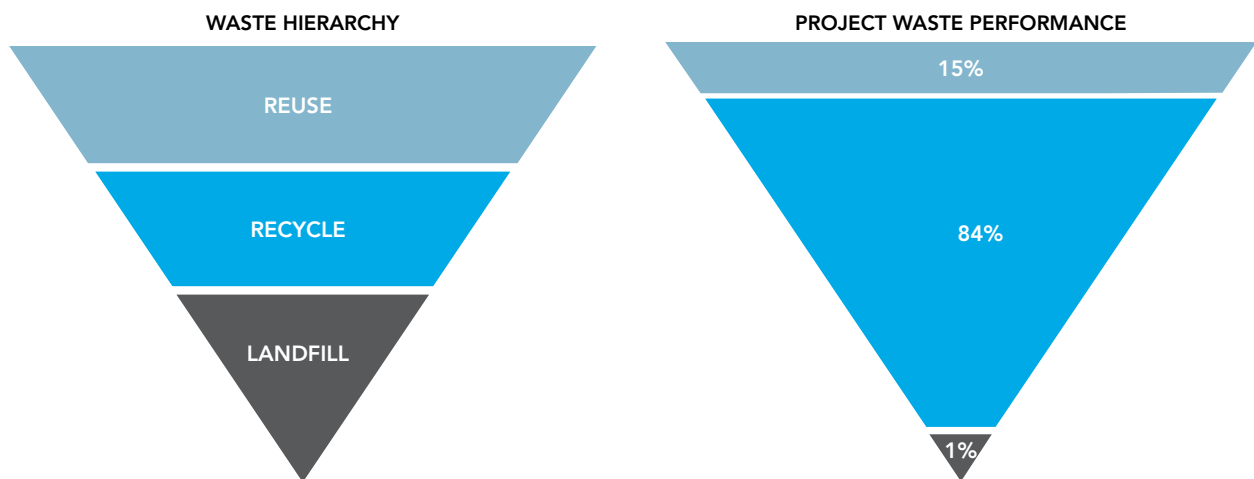


Case Study

Reducing waste to landfill

Icon Water's Mount Stromlo demountable office was initially built to provide a temporary office for staff working on the Cotter Dam enlargement project and during refurbishment of Icon Water's main offices at Mitchell. At conclusion of use, the National Capital Authority required that all temporary offices and associated infrastructure be removed from the site and the land restored.

Finding a suitable relocation for the office demountable units was essential for Icon Water to ensure materials could be reused and kept out of landfill. As a result of careful waste management, 99 per cent of all materials from the demolition were reused and recycled and only one per cent was sent to landfill. This aligns with our Waste Management Strategy to reduce waste to landfill and contribute to a circular economy.



Before



After

Commissioner for the Environment

There were no investigations carried out by the Commissioner with Icon Water in 2017–18.

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Section 3

Accountability

Treated water is released back into the Molonglo River

Internal accountability

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

Icon Water has reporting and compliance obligations under both Commonwealth and ACT legislation.

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 functions within Icon Water.

Details of licence and regulation compliance for 2017–18 are on page 8 of the Icon Water Limited and Controlled Entities Financial Reports in Section 4.

Icon Water utilises an Integrated Management System (IMS) that incorporates our governance framework and our management operating system. 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. Our recent IMS surveillance audit confirmed our systems meet the standard effectively and importantly there were no non-conformances identified.

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.

All framework documents detail and promote the high standards of governance, accountability and compliance required of all personnel.

Internal audit

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 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. Further details of the Committee meetings (including attendance) held in 2017–18 are provided in the Financial Reports.

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 and Assurance Committee

Name	Position
Carol Lilley	Chair
Abigail Goldberg	Member (from 31 July 2017)
Rachel Peck	Member
Brett Tucker	Member (from 31 July 2017)
Jennifer Goddard	Member (until 31 October 2017)
Thomas Parry	Member (until 31 July 2017)

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.

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 the Board Risk and Assurance Committee. Ongoing reviews of all risks, ratings and controls are undertaken by responsible business areas as part of core business.

The risk management framework 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 are also reviewed to stay across emerging topics.

Bushfire risk management

Icon Water's Bushfire Operational Plan (BOP) for 2017–18 saw bushfire fuel hazard reduction works completed at four treatment plants, two major supply dams, 34 service reservoirs, four pump stations, two water mains and a number of smaller sites such as around sewer vent fans. 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 sewer assets. In total, 45 planned hazard reduction works were scheduled for 2017–18, and all were completed within the specified timeframe.

Additionally, a number of Icon Water employees were trained in an accredited Basic Wildfire Awareness course, bringing the total number of formally trained employees to more than 100. 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.

As part of our emergency and continuity management framework, a number of plans and procedures were developed, tested, reviewed and updated to ensure compliance and reflect currency.

In May 2018, bushfire fuel hazard assessments were undertaken at key sites by Icon Water Environment and Sustainability staff. In conjunction with hazard reduction works completed under the 2017–2018 BOP, these fuel assessments have informed the development of the 2018–2019 BOP.

Emergency and continuity management

Icon Water has 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 and best practice. The centralised emergency management function allows the implementation of a holistic approach to all training, testing and planning activities.

During 2017–18, Icon Water participated in 13 internal and one external exercise. All internal exercise scenarios covered a range of issues and were designed to adequately test plans, documentation, awareness and processes, should an incident occur. Once an exercise was concluded, lessons identified were documented and reviewed to enable continuous improvement of emergency and continuity management preparedness.

Icon Water is represented on the ACT Security and Emergency Management Senior Officers Group (SEMSOG) as required, is a member of the Security and Emergency Management Planning Group (SEMPG) and participates in other related forums across jurisdictions and government.

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

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 and contractors completed this mandatory training during 2017–18. Icon Water's induction process includes fraud awareness training for all new staff.

During 2017–18, we investigated and resolved twelve allegations. Ten allegations related to external water theft, of these four were not related to Icon Water. Three of these allegations were substantiated and resulted in additional education of contractors involved in the abstraction of water; proposed changes to the standpipe hire contract agreement; and reimbursement of costs incurred as a result of an unlawful connection to the water network. One investigation is ongoing.

The remaining two allegations were substantiated and resulted in management action and process improvements.

Public interest disclosure

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

Icon Water encourages the reporting of suspected wrongdoing and provides a range of ways to support people to raise their concerns, including an independent whistleblower hotline for staff members.

There were no public interest disclosures made during the reporting year.

Legal services direction

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)*.

Human Rights Act

Icon Water's Code of Conduct and related procedures outline Icon Water's corporate behaviour standards in relation to protecting human rights in accordance with the *Human Rights Act 2004*.

There were no complaints received in 2017–18.

Freedom of information

Icon Water is a company wholly owned by the ACT Government, established under the *Corporations Act 2001*, and was subject to the provisions of the *Freedom of Information Act 1989 (FOI Act 1989)* until 31 December 2017 and is now subject to the *Freedom of Information Act 2016 (FOI Act 2016)* from 1 January 2018.

Icon Water owns the ACT's water and sewerage business and assets and is a 50 per cent owner of ActewAGL. Icon Water is governed by an independent board of eight directors.

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*.

Documents of interest to the public may be available through the Icon Water website or available under open access information <http://www.iconwater.com.au/About/Contact-Us/Freedom-of-Information.aspx>. Where documents are not available on the Icon Water website, Icon Water may be able to give access to documents without a formal freedom of information request reducing time and potential costs.

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

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

or, by contacting Icon Water by email to talktous@iconwater.com.au or by telephone on 6248 3111.

Icon Water has a number of reporting and compliance obligations under various Commonwealth and ACT pieces of legislation.

FOI requests 1 July 2017 to 31 December 2017

Icon Water received four requests for access to documents under section 18 of the *FOI Act 1989* during the period 1 July 2017 to 31 December 2017. Partial access was granted to these documents at no cost to the applicant. Three applications were processed in less than 31 days and one application took between 46-60 days to process due to the requirement for third party consultation.

There was one application for internal review under section 59 of the *FOI Act 1989*. Some additional information was disclosed to the applicant at the completion of this review.

No applications were made during this period for review by the ACT Civil and Administrative Tribunal (ACAT) under section 60-61 of the *FOI Act 1989*.

No applications were received for amendment of personal records under section 48 of the *FOI Act 1989*.

FOI requests 1 January 2018 to 30 June 2018

Icon Water received one request for access to documents under section 30 of the *FOI Act 2016* during the period 1 January 2018 to 30 June 2018. This application for access to documents was granted in full, processed within 20 working days and at no cost to the applicant.

No applications were made to the Ombudsman under section 74 or to ACAT under section 84 of the *FOI Act 2016*.

No applications were received for amendment of personal records under section 59 of the *FOI Act 2016*.

No applications were received to publish open access information.

Territory records management

The Icon Water Records Management Program was approved by the Managing Director on 12 September 2016. A copy of the program was provided to the Territory Records Office (TRO) on 23 September 2016. The content of this program conforms to the requirements of the *Territory Records Act 2002*. The program was updated in June 2018 to reflect the recent changes made to the *Freedom of Information Act 2016*. The revised program is available on the Icon Water website. The program provides a framework for the creation, management and disposal of records of business activities.

The records management program will be updated on an ongoing basis to align with the revised records disposal schedules. The revised disposal schedules will be adopted once the Information Communication and Technology (ICT) infrastructure upgrade has been completed. It is anticipated that the ICT infrastructure upgrade will be completed in December 2018.

A business classification scheme and records disposal schedules that are relevant to Icon Water have been defined. Relevant management and staff are provided with appropriate training to ensure compliance with the Territory Records Act.

Table 7 Records Disposal Schedules - already adopted

Function	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

Table 8: Records Disposal Schedules – will be adopted in December 2018

Function	Effective	Year and No.
Business Development ^{10*}	2009	NI2009-9
Corporate Governance*	2009	NI2009-10
Finance and Treasury Management	2017	NI2017-83
Government and Stakeholder Relations	2017	NI2017-84
Human Resources	2017	NI2017-79
Information and Communications Technology	2017	NI2017-85
Property Equipment and Fleet	2017	NI2017-86
Records and Information Management	2017	NI2017-87
Sewerage Management*	2014	NI2014-290
Solicitor and Legal Services	2017	NI2017-88
Strategy and Governance	2017	NI2017-89
Water Management*	2014	NI2014-291

¹⁰Already adopted, no changes are required.

Legislative Assembly Committee inquiries and reports

Select Committee on Estimates 2017–18 – Appropriation Bill 2017-2018 and appropriation (Office of the Legislative Assembly) Bill 2017-2018 Report, July 2017

Recommendation No. and Summary	Action	Status
<p>Recommendation 53 (5.427) ACT Government provide a full and complete account of Icon Water's organisational structure and arrangements to the Legislative Assembly, by the end of November 2017.</p> <p>Government response: Agreed.</p>	<p>The information was provided in the Government Response.</p> <p>Available at www.parliament.act.gov.au</p>	Completed
<p>Recommendation 54 (5.428) ACT Government provide the Legislative Assembly with full and complete copies of contracts for ActewAGL to provide shared services to Icon Water, by the end of November 2017.</p> <p>Government response: Agreed in part.</p>	<p>The Treasurer tabled copies of the information released by Icon Water Limited relating to the Icon Water Corporate Services Agreement and the Icon Water Customer Services and Community Support Agreement with ActewAGL on 20 February 2018. Certain details about the contracts have been kept confidential for commercial and legal reasons.</p>	Completed
<p>Recommendation 57 (5.431) The ACT Government provide clarification of the relationship between Icon Water and ActewAGL and in particular how the Assembly can have oversight of these bodies.</p> <p>Government response: Agreed.</p>	<p>The information was provided in the Government Response.</p> <p>Available at www.parliament.act.gov.au</p>	Completed

Standing Committee on Public Accounts – Report on Annual and Financial Reports 2015-16, May 2017

Recommendation No. and Summary	Action	Status
<p>Recommendation 4 (3.40) Icon Water prepare a strategic plan for the Murrumbidgee to Googong pipeline and publish that plan on its website, and in its next annual report.</p> <p>Government Response: Icon Water is currently investigating the optimum solution to minimise ongoing costs for the Murrumbidgee to Googong (M2G) pipeline asset. The outcome of this investigation will include a long term management plan for the M2G pipeline. Following consideration and endorsement by the Icon Water Board, relevant elements of the plan will be published on Icon Water’s website and in the 2017–18 Annual Report to the ACT Government.</p>	<p>Relevant information is available on our website at iconwater.com.au and in this Annual Report on page 49.</p>	<p>Completed</p>

Auditor-General and Ombudsman reports

ACT Auditor-General’s Report No. 11 of 2017 – 2016–17 Financial Audits – Financial Results and Audit Findings, 6 December 2017.

Recommendation No. and Summary	Action	Status
<p>One audit finding during the 2016–17 audit related to the incorrect billing of some large commercial customers. Icon Water confirmed that all billing errors were identified and corrected.</p>	<p>These adjustments were accurately reflected in the financial statements for the year ended 30 June 2017.</p>	<p>Completed</p>

There were no Ombudsman Reports relating to Icon Water during 2017–18.



Section 4

Financial

Financial management analysis

The following financial information is based on audited Financial Statements for 2017–18 and comparatives for the 2016–17 financial year.

Operating Result

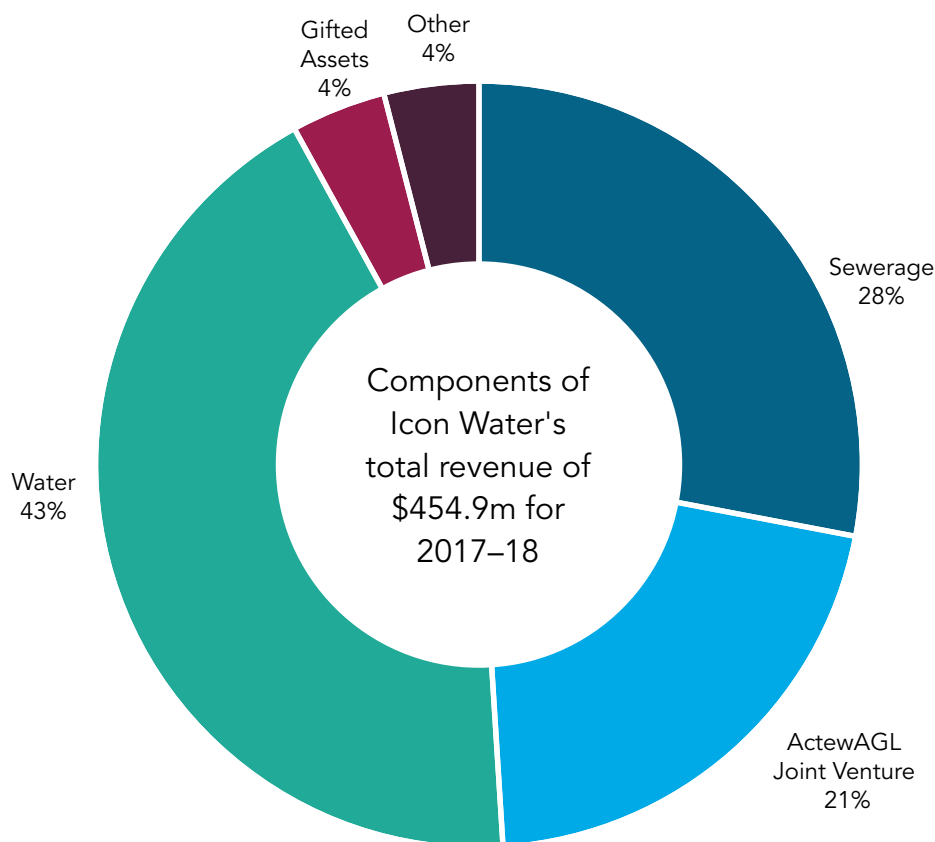
Icon Water recorded a net profit after tax for the year 2017–18 of \$107.7m (2016–17: \$96.9m).

The key factors that contributed to this performance were:

- higher Water and Sewerage profit of \$9.9m which was mainly due to higher consumption volumes and higher prices
- higher ActewAGL joint venture income of \$5.4m.

Total Revenue

During 2017–18 Icon Water derived \$454.9m in revenue and joint venture income. The components of this are depicted in the following graph:



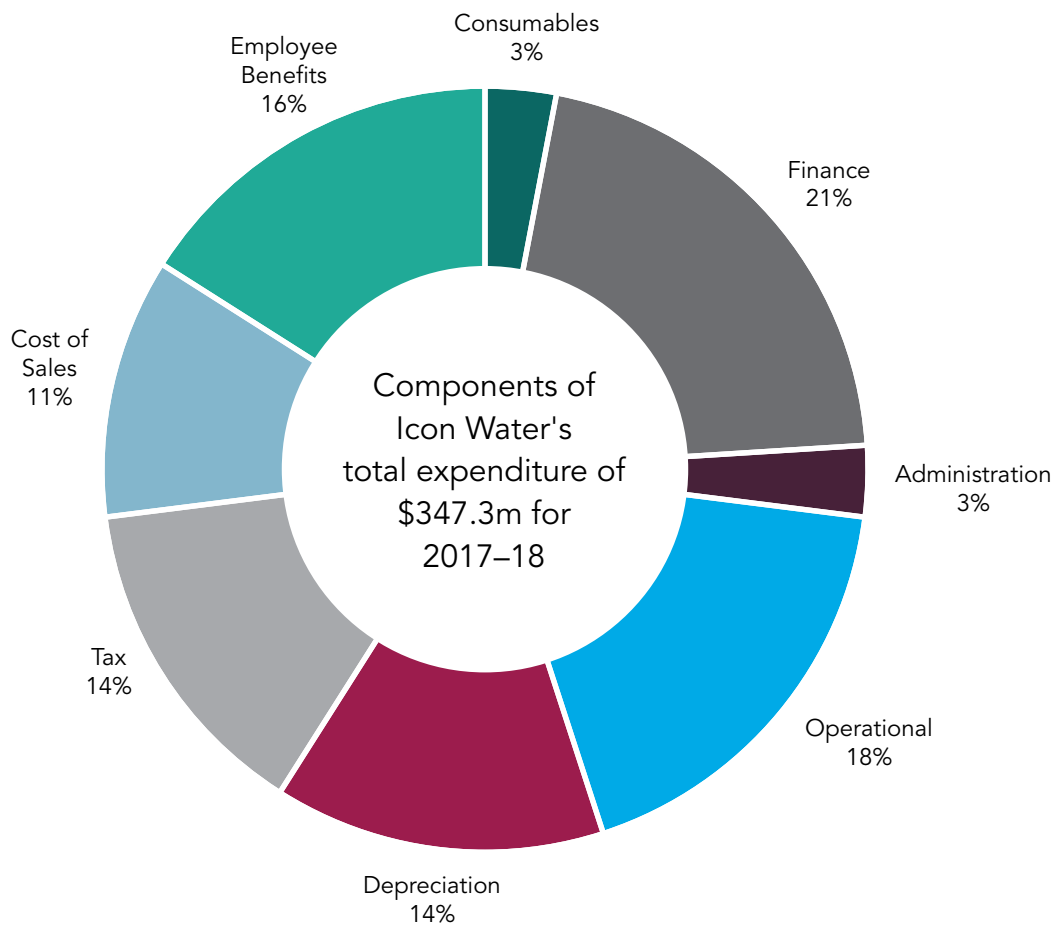
Comparison to 2016-17 Total Revenue

Total revenue of \$454.9m was \$25.4m higher than 2016–17. The main factors were:

- water revenue was \$16.7m higher than the prior year which was mainly attributable to higher ACT water consumption, higher prices, and an increased customer base
- ActewAGL joint venture income was \$5.4m higher than the prior year which was mainly attributable to improved electricity and gas margins
- sewerage revenue was \$4.5m higher than the prior year which was mainly attributable to increased customer base and higher prices.

Total Expenditure

During 2017-18 Icon Water incurred \$347.3m in expenditure. The components of this are depicted in the following graph:



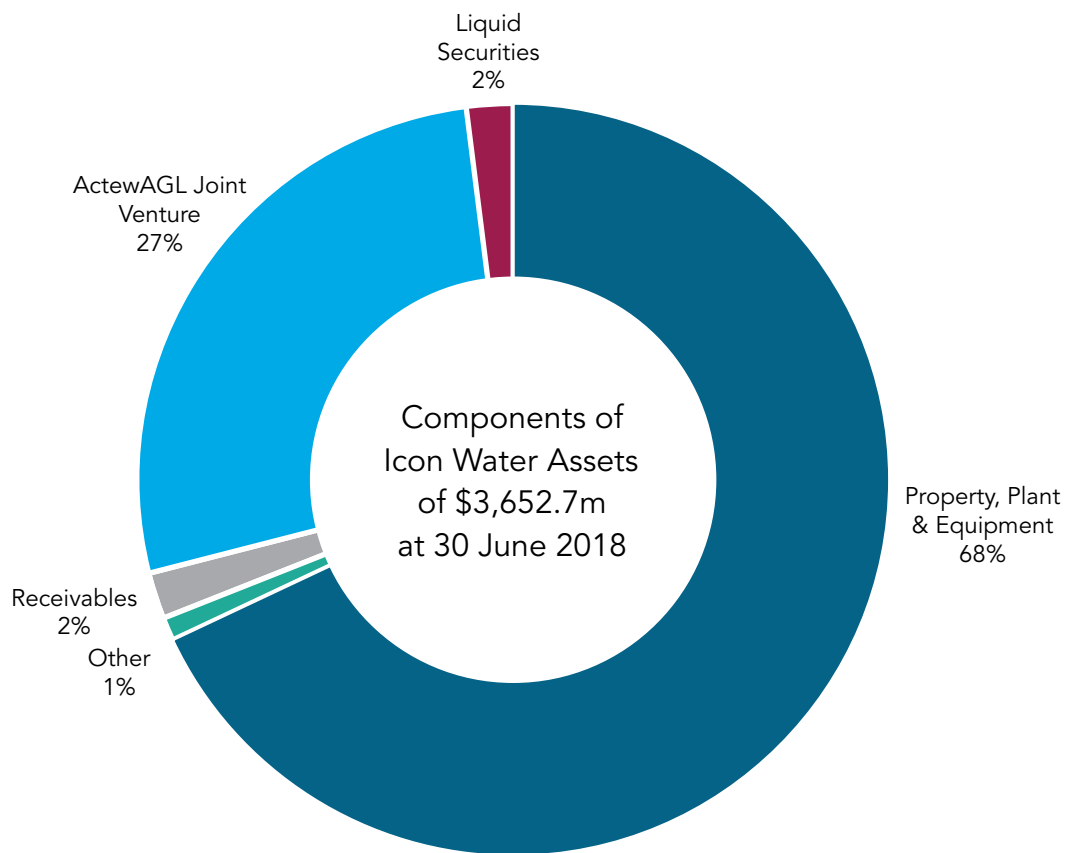
Comparison to 2016-17 Total Expenditure

Total expenditure was \$14.7m higher than 2016-17 mainly due to the following factors:

- operational and employment costs were \$8.0m higher than 2016-17 primarily due to costs increasing in line with inflation
- a \$3.7m increase in income tax equivalents expense which was driven by higher profit in 2017-18.

Assets

Icon Water has \$3,652.7m in assets at 30 June 2018. The components are as depicted in the following graph:

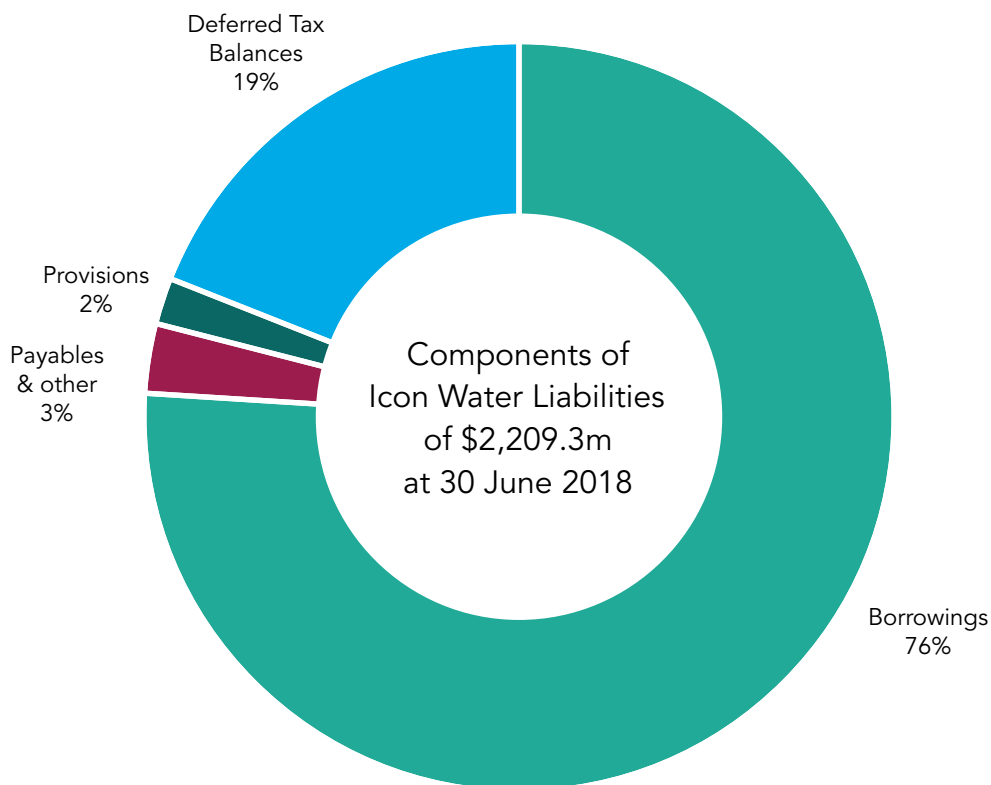


The major components are as follows:

- Icon Water has a book value investment of \$2,468.9m in property, plant and equipment. This mainly consists of Icon Water's water and sewerage infrastructure assets
- Icon Water has a carrying value investment of \$1,002.3m 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 \$2,209.3m in liabilities. The components are as depicted in the following graph:



The major components are as follows:

- outstanding borrowings at 30 June 2018 are \$1,668.5m, an increase of \$81.5m in the current financial year
- deferred tax (net) liability at 30 June 2018 of \$428.9m. This amount is mainly due to the tax effect of revaluation increases to water and sewerage infrastructure assets and the revaluation increase in the investment in the ActewAGL Joint Venture.

Payments to the ACT Government

Payments to the ACT Government during 2017–18 include a dividend of \$93.9m and income equivalent tax payments of \$42.2m.

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Financial Reports

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Icon Water Limited and Controlled Entities

ABN 86 069 381 960

General Purpose

Financial Report

For the year ended 30 June 2018

Icon Water Limited and Controlled Entities

ABN 86 069 381 960

Financial Report for the year ended 30 June 2018

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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 Minister for Environment and Heritage of the ACT.

Icon Water, through its wholly owned subsidiaries, is also a 50% partner in the ActewAGL Joint Venture. The ActewAGL Joint Venture consists of two partnerships, the ActewAGL Distribution Partnership and the 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
Bankers	Commonwealth Bank of Australia
Website	www.iconwater.com.au

Directors' Report

The directors present the financial report of Icon Water and its controlled entities (Group) for the year ended 30 June 2018.

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:

Wendy Caird, Chair
MAICD

Wendy Caird was first appointed to the Icon Water Board in December 2009, was appointed as acting Deputy Chair of the Icon Water Board from 1 July 2013 and appointed as Deputy Chair in March 2014. Ms Caird's appointment term was extended in March 2017 when she was appointed as Chair of the Icon Water Board due to her extensive knowledge of Icon Water's business and experience on the ActewAGL Partnerships Board. Ms Caird is the Chair of Icon Water's Remuneration Committee, Chair of Icon Distribution Investments Limited and Icon Retail Investments Limited and a member of the ActewAGL Partnerships Board. She is also Chair of ActewAGL's Safety, Audit 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.

Carol Lilley, Deputy Chair
BCom, FCA, CIA, CGAP, GAICD

Carol Lilley was appointed to the Icon Water Board in April 2013. Ms Lilley is Chair of Icon Water's Risk and Assurance Committee and a member of the Remuneration Committee. Ms Lilley was appointed as Deputy Chair of the Boards of Icon Water Limited, Icon Retail Investments Limited and Icon Distribution Investments Limited in March 2017.

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 professional services experience is in financial statement audit, internal audit and project and risk management, with a particular focus on government.

Ms Lilley is currently Chair of several ACT Government directorate audit committees (Chief Minister, Treasury and Economic Development; Education; Environment, Planning and Sustainable Development). Ms Lilley also has various governance roles for Commonwealth Government entities (member of the Departments of Home Affairs, Human Services and Australian Federal Police's Audit Committees, Chair of National Film and Sound Archives' Audit Committee, independent management assurer for the whole of government accounts, independent board member for Australian Financial Security Authority) as well as Chair of the Board of Instacluster Pty Ltd.

Ms Lilley is a Graduate of the Australian Institute of Company Directors, Fellow of Chartered Accountants Australia and New Zealand, was a registered company auditor and is a certified internal auditor.

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 of the Icon Water Limited Board and its subsidiary companies Icon Distribution Investments Limited and Icon Retail Investments Limited. He is also a member of the Icon Water Board's Remuneration Committee.

Mr Knox is a director of the Water Services Association of Australia (WSAA) Board, Chair of the WSAA Customer and Industry Leadership Committee, and a member of the ActewAGL Partnership Board. Mr Knox commenced as the Managing Director of Icon Water in 2014 and prior to that held the position of Chief Finance Officer of ActewAGL.

Mr Knox has spent 12 years in the utilities sector, working across water, environmental services, energy and telecommunications.

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

Rachel Peck was appointed to the Icon Water Board in May 2011 and reappointed for a third term from May 2017 to ensure a continuation of experience and corporate knowledge for the effective functioning of the Board. Ms Peck is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee and a director of the Icon Distribution Investments Board and Icon Retail Investments Limited Board.

Ms Peck is Principal of peckvonhartel and is an advisory board member of the Australian Futures Project. Ms Peck is the former Deputy Chair of the Australian Tapestry Workshop, former Chair of the Canberra Business Chamber Planning and Infrastructure Taskforce, former divisional council member of the Property Council of Australia (ACT) and former 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.

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

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015. Dr Parry is a member of the Icon Water Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board. In March 2017 Dr Parry was also appointed as Deputy Chair of the ActewAGL Partnerships Board.

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). He also was a director of ASX-Compliance (the regulatory arm of the Australian Securities Exchange) from 2007 to 2017.

From 2004–2009 Dr Parry 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 Foundation Chair of Powering Australian Renewables Fund, and a Director of Powerco New Zealand.

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.

Directors (continued)

*Abigail Goldberg, Director
MBA (Executive), MA (Urban Design), BSc (TRP hon), FAICD
Appointed 10 July 2017*

Abigail Goldberg was appointed to the Icon Water Board in July 2017. She is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Ms Goldberg is a Non-Executive Director of Crown Lands Holiday Park Trust NSW, where she is Chair of the Audit and Risk Committee, and Deputy Chair of Cemeteries and Crematoria NSW, where she chairs the Industry Liaison Group. She was previously a Non-Executive Director on the Central Coast Water Corporation, and in May 2018 completed the maximum six year term as a Commissioner at the Independent Planning Commission, the decision-making body responsible for major and state significant projects in NSW.

Since March 2018 Ms Goldberg has been lead Chair for the Ryde and Willoughby City Council's Independent Hearing Assessment Panels in NSW, and she is an alternate Chair for the Panel for the City of Sydney. She is an alternate for the NSW Joint Regional Planning Panels. She is also the Executive Chair of GoldbergBlaise, a boutique consultancy providing advice to the infrastructure, planning, housing, tourism and transport sectors. Ms Goldberg is an Associate of the Institute for Public Policy and Governance, University of Technology, Sydney.

Ms Goldberg has held a number of executive positions, including CEO, Metro Transport Sydney (light rail and monorail company) and General Manager, South Sydney Development Corporation.

Ms Goldberg is a Fellow of the Australian Institute of Company Directors and a Fellow of the Planning Institute of Australia. She has been a Mentor for the 'Next Generation of Corporate Female Leaders' program (Women on Boards) as well as a recipient of the Women's Scholarship (Australian Graduate School of Business, UNSW, 1999).

*Brett Tucker, Director
BRurSc, Grad.Cert. Accounting and Finance, MAICD, Churchill Fellow
Appointed 10 July 2017*

Mr Brett Tucker was appointed to the Icon Water Board in July 2017 and is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Mr Tucker joined Icon Water with more than 26 years of experience working in the public and private sector as a director and chief executive in complex operating environments with financial responsibilities exceeding multi millions of dollars, predominantly in water resource management and agriculture.

Mr Tucker established Blackwatch Consulting in 2016. Blackwatch specialises in the provision of high-level strategic, technical and project advice to public and private utilities as well as the private contracting market seeking to do business in the sector. He also is currently a Director of the Peter Cullen Trust and provides mentoring and coaching support to a number of Senior Managers and prospective industry leaders.

Mr Tucker holds an Honours Degree in Rural Science and a Graduate Certificate in Accounting and Finance. Mr Tucker was awarded a Churchill Fellowship in 1998 and is a member of the Australian Institute of Company Directors.

Directors (continued)

Dorte Ekelund

BURP (Hons) (Urban and Regional Planning), MBA, Adjunct Professor (Planning), Fellow Planning Institute of Australia, MAICD

Appointed 1 November 2017

Dorte Ekelund was appointed to the Icon Water Board in November 2017. She is a member of the Icon Water Remuneration Committee and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Ms Ekelund is currently Principal Advisor - Smart Cities, SMEC, a member of the Northern Territory Planning Commission (NTPC), a member of the University of Wollongong's SMART Infrastructure Advisory Council, and director of the Infrastructure Sustainability Council of Australia.

Ms Ekelund is an urban and regional planner with over 30 years' experience working in most facets of strategic and statutory land use and infrastructure planning across all levels of government and various jurisdictions - most recently as former Director-General of the ACT Environment, Planning and Sustainable Development Directorate (2013-2017).

Ms Ekelund has considerable experience in environmental policies and management, including water policies and programs, climate change mitigation and adaptation action. Her experience in energy includes membership of the Council of Australian Governments (COAG) Energy Senior Officials and oversight of significant policy initiatives and investment in renewables.

Ms Ekelund has a Bachelor of Urban and Regional Planning (Class 1 Honours), an MBA and is an adjunct Professor (Planning) University of Canberra.

Jennifer Goddard, Director

BCom (Hons)

Resigned 31 October 2017

Jennifer Goddard was appointed to the Icon Water Board in November 2011, and was appointed to the Icon Distribution Investments Limited and Icon Retail Investments Limited Boards on 10 July 2017. Ms Goddard was also a member of the Icon Water Board's Risk and Assurance Committee and a member of the Remuneration Committee. Ms Goddard resigned from the Icon Water and subsidiary Boards and Committees on 31 October 2017.

Ms Goddard is an independent non-executive director who has served on the boards of several Commonwealth and ACT Government organisations.

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.

Company Secretary

Jane Breaden

MSc, MMgsST, BBus, GCProfWrtg, GCPerfAudt

Jane Breaden, General Manager Business Services, was appointed as company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in July 2016. Ms Breaden previously held the role of alternate company secretary from 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.

Alison Pratt

B.Ec, LLB (Hons), GDLP

Alison Pratt, Manager Legal and Secretariat, was appointed deputy company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in August 2016. Prior to joining Icon Water in 2013, Ms Pratt worked in private commercial legal practice in Australia and the United Kingdom. Ms Pratt's legal experience includes advising clients from both the private and public sectors on corporate governance, property, environment, construction and planning. Ms Pratt holds a Bachelor of Economics, a Bachelor of Laws and a Graduate Diploma in Legal Practice.

Meetings of directors

Details of directors' attendance at meetings are outlined below.

	Icon Water Board		Risk and Assurance Committee		Remuneration Committee ¹	
	A	B	A	B	A	B
Wendy Caird	8	8	-	-	-	-
Carol Lilley	8	8	5	5	-	-
John Knox	8	8	-	-	-	-
Rachel Peck	6	8	3	5	-	-
Dr Thomas Parry AM	8	8	-	-	-	-
Jennifer Goddard	2	3	1	1	-	-
Abigail Goldberg	8	8	5	5	-	-
Brett Tucker	8	8	4	5	-	-
Dorte Ekelund	4	5	-	-	-	-

A = Number of meetings attended

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

¹ There was no Remuneration Committee meeting held during the 2017-18 financial year. Two Remuneration Committee meetings were held during the 2016-17 financial year on the 25th August 2016 and 14th June 2017. A Remuneration Committee meeting was held on the 29th August 2018.

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 is owned by the ACT Government and has two voting shareholders, the Chief Minister and Minister for Environment and Heritage of the ACT. Icon Water, through its wholly owned subsidiaries, Icon Distribution Investments Limited and Icon Retail Investments Limited, is also a 50% partner in the ActewAGL Joint Venture.

The ActewAGL Joint Venture consists of two partnerships:

- ActewAGL Distribution Partnership (Distribution Partnership), which owns the gas distribution networks and owns and operates the electricity distribution networks in the ACT, Shoalhaven and Queanbeyan regions.
- ActewAGL Retail Partnership (Retail Partnership), which sells electricity, gas and other services 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 Distribution Investments Limited - a holding company for Icon Water's interest in the Distribution Partnership of the ActewAGL Joint Venture.

Review of operations

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

	2018	2017
	\$'000	\$'000
Revenue and other income	361,572	341,549
Share of net profit from joint venture partnerships	93,374	87,927
Total revenue and share of net profit from ActewAGL partnerships	454,946	429,476
Profit before income tax expense	154,794	140,269
Income tax equivalents expense	(47,106)	(43,385)
Profit for the year	107,688	96,884
Payments to ACT Government:		
Interim dividend for current year profit	74,708	58,938
Final dividend for previous year profit	19,151	19,661
	93,859	78,599
Tax equivalent payments	42,218	44,324
Total payments to the ACT Government	136,077	122,923

Dividends

A final dividend for the 2016-17 financial year was paid in October 2017 of \$19.2 million (2016: \$19.7 million). An interim dividend of \$74.7 million (2017 interim dividend: \$58.9 million) was paid in June 2018. The directors expect to declare a 2017-18 final dividend of \$14.9 million (2016-17 final dividend: \$19.2 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

No circumstances have arisen since 30 June 2018 that have significantly affected, or may significantly affect:

- the Group's operations in future financial years,
- 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. The licence requires that all laws be complied with. Icon Water has maintained compliance with the licence during the 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.

	Compliance	
	2017-18	Target
Googong pollution control licence compliance	98% ¹	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 2016-17 annual report to the EPA on 31 October 2017. Icon Water complied with the requirements of the licence throughout 2017-18. 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 ACT Health Directorate, which authorises Icon Water to carry on the Operation of Drinking Water 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 ACT Health Directorate throughout 2017-18. Icon Water complied with the requirements of the licence throughout 2017-18.

Insurance of officers and directors

During the year, Icon Water paid a premium of \$134,461 (30 June 2017: \$142,313) 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 Icon Water, 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.

No claim has been made against the officers and directors insurance policy during the 2017-18 financial year.

¹ *Thirty-six samples were collected from the Googong Water Treatment Plant with three exceedances of allowable pH and total suspended solids reported during 2017-18. These breaches are considered minor and did not have any regulatory consequence.*

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. This includes 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*.

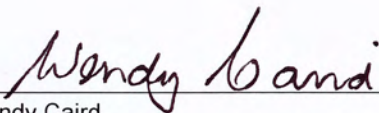
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Rounding of amounts

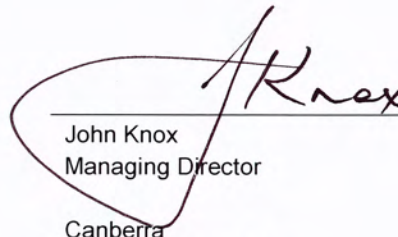
All amounts in this report and the financial statements have been rounded to the nearest thousand dollars unless otherwise specifically stated.

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



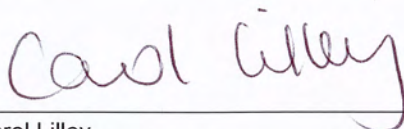
Wendy Caird
Chair

Canberra
4 September 2018



John Knox
Managing Director

Canberra
4 September 2018



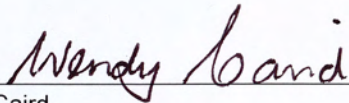
Carol Lilley
Risk and Assurance Committee, Chair

Canberra
4 September 2018

In the directors' opinion:

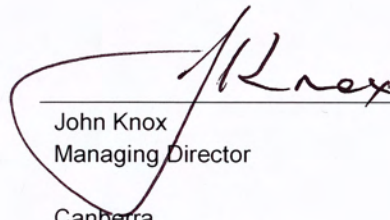
- (a) the financial statements and notes set out on pages 14 to 60 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Group 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.



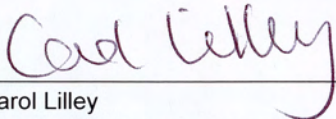
Wendy Caird
Chair

Canberra
4 September 2018



John Knox
Managing Director

Canberra
4 September 2018



Carol Lilley
Risk and Assurance Committee, Chair

Canberra
4 September 2018

INDEPENDENT AUDIT REPORT**ICON WATER LIMITED****To the Members of the ACT Legislative Assembly and Icon Water Limited****Audit opinion**

I am providing an **unqualified audit opinion** on the financial report of Icon Water Limited and Controlled Entities (the Group) for the year ended 30 June 2018. The financial report comprises the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes and directors' declaration. The consolidated entity comprises Icon Water Limited and the entities it controlled for the year ended 30 June 2018.

In my opinion, the financial report:

- (i) is presented in accordance with the *Corporations Act 2001*, Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements and other mandatory financial reporting requirements in Australia; and
- (ii) presents fairly the financial position of the Group and results of its operations and cash flows.

Basis for the audit opinion

The audit was conducted in accordance with Australian Auditing Standards. I have complied with the requirements of the Accounting Professional and Ethical Standards 110 *Code of Ethics for Professional Accountants*.

I believe that sufficient evidence was obtained during the audit to provide a basis for the audit opinion.

Responsibility for preparing and fairly presenting the financial report

The directors of the Group are responsible for:

- preparing and fairly presenting the financial report in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements;
- determining the internal controls necessary for the preparation and fair presentation of the financial report so that it is free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Group to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial report.

Responsibility for the audit of the financial report

Under the *Corporations Act 2001*, the Auditor-General is responsible for issuing an audit report that includes an independent audit opinion on the financial report of the Group.

As required by Australian Auditing Standards, the auditors:

- applied professional judgement and maintained scepticism;
- identified and assessed the risks of material misstatements due to error or fraud and implemented procedures to address these risks so that sufficient evidence was obtained to form an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, intentional omissions or misrepresentations or the override of internal controls;
- obtained an understanding of internal controls to design audit procedures for forming an audit opinion;
- evaluated accounting policies and estimates used to prepare the financial report and disclosures made in the financial report;
- evaluated the overall presentation and content of the financial report, including whether they present the underlying transactions and events in a manner that achieves fair presentation;
- reported the scope and timing of the audit and any significant deficiencies in internal controls identified during the audit to the directors of the Group; and
- assessed the going concern* basis of accounting used in the preparation of the financial report.

(*Where the auditor concludes that a material uncertainty exists which cast significant doubt on the appropriateness of using the going concern basis of accounting, the auditor is required to draw attention in the audit report to the relevant disclosures in the financial report or, if such disclosures are inadequate, the audit opinion is to be modified. The auditor's conclusions on the going concern basis of accounting are based on the audit evidence obtained up to the date of this audit report. However, further events or conditions may cause the entity to cease to continue as a going concern.)

Limitations on the scope of the audit

An audit provides a high level of assurance about whether the financial report is free from material misstatements, whether due to fraud or error. However, an audit cannot provide a guarantee that no material misstatements exist due to the use of selective testing, limitations of internal control, persuasive rather than conclusive nature of audit evidence and use of professional judgement in gathering and evaluating evidence.

An audit does not provide assurance on the:

- prudence of decisions made by the Group;
- adequacy of controls implemented by the Group; or
- integrity of audited the financial report presented electronically or information hyperlinked to or from the financial report. Assurance can only be provided for the printed copy of the audited financial report.



Ajay Sharma
Acting Auditor-General
5 September 2018

**Auditor's Independence Declaration
under Section 307C of the
*Corporations Act 2001***

To the Directors of Icon Water Limited

In relation to the audit of the financial report of Icon Water Limited and Controlled Entities for the year ended 30 June 2018, 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.



Ajay Sharma
Acting Auditor-General
5 September 2018

Icon Water Limited and Controlled Entities
Consolidated statement of profit or loss
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Revenue	3	326,410	305,158
Cost of providing goods and services	4b	(227,938)	(219,992)
Other income	4a	32,572	35,343
Operating profit		131,044	120,509
Finance income	4c	2,590	1,048
Finance costs	4c	(72,214)	(69,215)
Finance costs – net		(69,624)	(68,167)
Share of net profit of joint venture partnerships accounted for using the equity method		93,374	87,927
Profit before income tax equivalents expense		154,794	140,269
Income tax equivalents expense	5a	(47,106)	(43,385)
Profit for the year		107,688	96,884
Profit is attributable to:			
Owners of Icon Water Limited and Controlled Entities		107,688	96,884

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 2018

	Note	2018 \$'000	2017 \$'000
Profit for the year		107,688	96,884
Other comprehensive income			
Property, plant and equipment revaluation increment	8b	178,085	-
Income tax relating to components of other comprehensive income	5a	(53,425)	-
Items that will not be reclassified subsequently to profit or loss	9b	124,660	-
Total comprehensive income for the year		<u>232,348</u>	<u>96,884</u>

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 2018

	Note	2018 \$'000	2017 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7a	32,596	48,357
Held-to-maturity investments	7b	33,000	10,000
Trade and other receivables	7c	66,614	70,889
Inventories	8a	4,337	4,099
Total current assets		<u>136,547</u>	<u>133,345</u>
Non-current assets			
Receivables	7c	12,950	15,348
Investments accounted for using the equity method	7d	1,002,313	975,439
Property, plant and equipment	8b	2,468,923	2,235,105
Investment properties	8c	6,841	7,017
Intangible assets	8d	25,143	12,857
Total non-current assets		<u>3,516,170</u>	<u>3,245,766</u>
Total assets		<u><u>3,652,717</u></u>	<u><u>3,379,111</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	7e	61,242	65,475
Borrowings	7f	26,825	393,543
Provisions	8f	39,735	46,920
Total current liabilities		<u>127,802</u>	<u>505,938</u>
Non-current liabilities			
Borrowings	7f	1,641,652	1,193,468
Provisions	8f	10,635	10,923
Other payables	7e	369	448
Deferred tax balances	8g	428,860	367,702
Total non-current liabilities		<u>2,081,516</u>	<u>1,572,541</u>
Total liabilities		<u><u>2,209,318</u></u>	<u><u>2,078,479</u></u>
Net assets		<u><u>1,443,399</u></u>	<u><u>1,300,632</u></u>
EQUITY			
Contributed equity	9a	758,871	758,871
Reserves	9b	511,263	396,423
Retained profits		173,265	145,338
Total equity		<u><u>1,443,399</u></u>	<u><u>1,300,632</u></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 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		345,566	314,973
Payments to suppliers (inclusive of GST)		<u>(173,452)</u>	<u>(170,018)</u>
		172,114	144,955
Interest received		2,455	1,082
Income tax equivalents paid		(42,218)	(44,324)
Interest paid		<u>(73,876)</u>	<u>(72,000)</u>
Net cash inflow from operating activities		<u>58,475</u>	<u>29,713</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(89,750)	(89,030)
Payments for intangible assets		(15,025)	(5,276)
Proceeds from sale of assets		9	6
Joint venture partnership distributions received		66,500	63,000
Proceeds from sale of intangibles		-	34,218
(Payments) / Proceeds for cash investments	7b	<u>(23,000)</u>	<u>8,000</u>
Net cash (outflow) / inflow from investing activities		<u>(61,266)</u>	<u>10,918</u>
Cash flows from financing activities			
Proceeds from borrowings		546,430	69,404
Repayment of borrowings		(465,440)	(19,514)
Finance lease payments		(101)	(101)
Dividends paid	6	<u>(93,859)</u>	<u>(78,599)</u>
Net cash (outflow) from financing activities		<u>(12,970)</u>	<u>(28,810)</u>
Net (decrease) / increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		<u>48,357</u>	<u>36,536</u>
Cash and cash equivalents at end of the financial year	7a	<u>32,596</u>	<u>48,357</u>

Cash flows are included in the consolidated statement of cash flows on a gross basis. The Goods and Services Tax (GST) component of cash flows arising from investing and financial activities which is recoverable from, or payable to, the Australian Taxation Office (ATO) is classified within operating cash flows.

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

Icon Water Limited and Controlled Entities
Consolidated statement of changes in equity
For the year ended 30 June 2018

Note	Capital \$'000	Retained earnings \$'000	General insurance reserve \$'000	Property, plant and equipment revaluation reserve \$'000	Total equity \$'000
Balance at 1 July 2016	758,871	108,878	9,820	398,968	1,276,537
Profit for the year	-	96,884	-	-	96,884
Total comprehensive income for the year	-	96,884	-	-	96,884
Transfer from asset revaluation reserve on sale of water licences	-	12,365	-	(12,365)	-
Realised tax benefit	-	5,300	-	-	5,300
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	(78,089)	-	-	(78,089)
Balance at 30 June 2017	758,871	145,338	9,820	386,603	1,300,632
Balance at 1 July 2017	758,871	145,338	9,820	386,603	1,300,632
Profit for the year	-	107,688	-	-	107,688
Other comprehensive income	-	-	-	124,660	124,660
Total comprehensive income for the year	-	107,688	-	124,660	232,348
Transfer from general insurance reserve	-	9,820	(9,820)	-	-
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	(89,581)	-	-	(89,581)
Balance at 30 June 2018	758,871	173,265	-	511,263	1,443,399

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
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Group structure

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13. Contingencies
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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 provide guidance for 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 not elected under s334(5) of the *Corporations Act 2001* to early adopt any new Australian Accounting Standard in the current year.

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

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

(iii) *Impact of accounting standards issued but not yet applied by the Group*

AASB 16 Leases will result in most leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2018, the group has non-cancellable operating lease commitments of \$15.4m (Note 14(iii)) which will be recognised on the balance sheet as a right-to-use asset and lease liability. The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to adoption.

(iv) *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, investment properties and carbon credits.

(v) *Going concern*

The consolidated financial statements have been prepared on a going concern basis.

b) Rounding of amounts

The company is of a kind referred to in 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.

c) 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 and principle activities 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 – The business activities of the controlled entities and investing activities of the parent company.

All business segments operate in one geographic segment, the ACT and surrounding area.

Primary reporting - business segments

Year ended 30 June 2018

	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	196,957	129,453	93,374	-	419,784
Other revenue	4,189	12,533	-	2,590	19,312
Gifted assets	6,591	9,259	-	-	15,850
Total segment revenue	207,737	151,245	93,374	2,590	454,946
Interest expense	-	-	-	72,214	72,214
Segment result before tax expense	76,931	54,593	92,894	(69,624)	154,794
Income tax equivalents expense					47,106
Profit for the year					107,688
Statement of financial position					
Segment assets	1,605,069	973,153	1,008,697	65,798	3,652,717
Segment liabilities	187,829	184,895	161,134	1,675,460	2,209,318
Investments in joint venture partnerships	-	-	1,002,313	-	1,002,313
Other					
Acquisition of property, plant and equipment (including gifted assets)	33,253	66,720	-	-	99,973
Acquisition of intangible assets	8,509	8,071	-	-	16,580
Depreciation and amortisation	29,461	20,029	-	-	49,490

¹ Investments include 100% ownership of Icon Retail Investments Limited and Icon Distribution Investments Limited.

2. Segment information (continued)

Primary reporting - business segments

Year ended 30 June 2017

	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	180,246	124,912	87,927	-	393,085
Other revenue	4,321	12,226	-	1,048	17,595
Gifted assets	9,248	9,548	-	-	18,796
Total segment revenue	193,815	146,686	87,927	1,048	429,476
Interest expense	-	-	-	69,215	69,215
Segment result before tax expense	69,460	52,185	86,791	(68,167)	140,269
Income tax equivalents expense					43,385
Profit for the year					96,884
Statement of financial position					
Segment assets	1,418,791	920,183	981,712	58,425	3,379,111
Segment liabilities	170,666	167,917	147,229	1,592,667	2,078,479
Investments in joint venture partnerships	-	-	975,439	-	975,439
Other					
Acquisition of property, plant and equipment (including gifted assets)	37,765	68,170	-	-	105,935
Acquisition of intangible assets	3,901	3,475	-	-	7,376
Depreciation and amortisation	29,775	20,055	-	-	49,830

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% ownership of Icon Retail Investments Limited and Icon Distribution Investments Limited.

3. Revenue

	2018 \$'000	2017 \$'000
Water revenue	196,957	180,246
Sewerage revenue	129,453	124,912
	326,410	305,158

Accounting policy

Water and Sewerage revenue

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, and then multiplying the unbilled consumption by relevant tier prices. The 30 June 2018 accrual amount was \$20.2 million (30 June 2017 \$16.4 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

	2018 \$'000	2017 \$'000
Commonwealth subvention	11,979	11,687
Gifted assets	15,850	18,796
Regulated income	1,862	1,127
Other income (i)	2,881	3,733
	32,572	35,343

(i) Other income mainly relates to lease income from Fyshwick premises.

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 it is an inland location. This is recognised as revenue in the statement of profit or loss where there is reasonable assurance that the grant will be received.

Gifted assets

Revenue is recognised when the Group initially gains control of the asset and the amount of the contribution can be measured reliably. Gifted 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

	2018	2017
Cost of providing goods and services	\$'000	\$'000
Employment and associated costs	55,652	54,452
Depreciation and amortisation expense	49,490	49,830
Operational costs	103,149	96,347
Consumables used	8,789	8,150
Other expenses	10,858	11,213
	<u>227,938</u>	<u>219,992</u>

c) Finance income and costs

	2018	2017
	\$'000	\$'000
Finance income		
Interest from financial assets not at fair value through profit or loss	2,590	1,048
Finance income	2,590	1,048
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	76,491	73,815
Provisions: unwinding of discount	80	428
	76,571	74,243
Amount capitalised	(4,357)	(5,028)
Finance costs expensed	72,214	69,215
Net finance costs	69,624	68,167

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% of taxable profit differs from the amount calculated based on the accounting profit. The differences are reconciled as follows:

Income tax equivalents expense

	2018 \$'000	2017 \$'000
Current tax		
Current tax equivalents expense recognised in the current year	41,575	41,834
Adjustment to prior year (i)	(2,200)	1,177
Current tax correction of prior period error	-	(249)
	<u>39,375</u>	<u>42,762</u>
Deferred tax		
Deferred tax equivalents expense recognised in the current year	5,601	1,755
Adjustments of deferred tax for prior periods (i)	2,130	(1,132)
	<u>7,731</u>	<u>623</u>
Income tax equivalents expense	<u>47,106</u>	43,385
Current tax – credited directly to equity	53,425	(5,300)
	<u>100,531</u>	<u>38,085</u>

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

	2018 \$'000	2017 \$'000
Profit from continuing operations before income tax expense	154,794	140,269
Tax at the Australian tax rate of 30% (2016-17: 30%)	46,438	42,080
Other items:		
– Inter-company dividends	(144)	(144)
– Non-deductible expenses	902	381
– Share of joint venture profits and partner share of profits	(21)	(21)
– Adjustments for income tax expense of prior periods (i)	(100)	990
– Other	31	99
Income tax equivalents expense	<u>47,106</u>	<u>43,385</u>

- (i) Adjustments to prior year for the current period relates to differences between the 2016-17 financial statements and the 2016-17 income tax return. The net adjustment of the current and deferred tax is \$0.1 million.

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/receivable on the current period's taxable income based on the National Tax Equivalents Regime. This is 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 are part of a tax consolidated group formed under tax consolidation legislation. 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 Icon Water, which is issued to the controlled entities as soon as practicable at the end of the financial year. Icon Water may also require payment of interim funding amounts to assist with obligations to pay tax instalments. The funding amounts are recognised as intercompany receivable or payable.

6. Dividends

	2018	2017
	\$'000	\$'000
Dividends payable at the beginning of the financial year	19,151	19,661
Amount appropriated from operating profit	89,581	78,089
	108,732	97,750
Amount paid during the year	(93,859)	(78,599)
Dividends payable at the end of the financial year	14,873	19,151

Accounting policy

The shareholders maintain a dividend policy of 100% distribution of net profit after tax less gifted asset revenue. An interim, fully authorised dividend is declared and paid in June with a provision made for the payment of a final dividend in October.

7. Financial assets and financial liabilities

a) Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Current assets		
Cash at bank and on hand	10,596	6,357
Short term deposits	22,000	42,000
	32,596	48,357

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 and other short-term, highly liquid investments that are readily convertible to cash.

b) Held-to-maturity investments

	2018	2017
	\$'000	\$'000
Current assets		
Short-term securities	33,000	10,000
	33,000	10,000

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

	2018			2017		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Water revenue receivables	40,236	-	40,236	38,245	-	38,245
Sewerage revenue receivables	12,289	-	12,289	14,890	-	14,890
Other trade receivables (i)	2,717	-	2,717	5,108	-	5,108
Allowance for impairment of receivables (iv)	(598)	-	(598)	(948)	-	(948)
	54,644	-	54,644	57,295	-	57,295
Accrued revenue (ii)	2,739	709	3,448	3,076	469	3,545
Prepayments (iii)	2,847	12,241	15,088	4,245	14,879	19,124
Employee entitlement receivable – related parties	6,384	-	6,384	6,273	-	6,273
	66,614	12,950	79,564	70,889	15,348	86,237

- (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 \$1.9 million. In addition, there is \$0.2 million for a receivable from the ActewAGL Joint Venture in respect of recovery costs associated with the Comcare provision. Refer to Note 8(f).
- (iii) This includes \$6.6m for carbon credits and \$8.0m for the upgrade of several corporate information technology systems provided to Icon Water by ActewAGL.

7. Financial assets and financial liabilities (continued)

c) Trade and other receivables (continued)

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

	2018 \$'000	2017 \$'000
At the beginning of the financial year	948	641
Provision for impairment recognised/(reversed) during the year	(280)	350
Receivables written off during the year as uncollectible	(70)	(43)
At the end of the financial year	598	948

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 the 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.

Prepayments

Prepayments are recognised when payments have been made for services in advance of Icon Water utilising the benefit of those services.

Prepayments are amortised over the period in which services will be provided to Icon Water. Where the prepayment relates to a period that is greater than 12 months from the end of the financial year, it is classified as non-current.

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 prepayments for carbon credits associated with these emissions which will be received in the future.

7. Financial assets and financial liabilities (continued)

d) Investments accounted for using the equity method

	2018 \$'000	2017 \$'000
Non-current assets		
Interest in joint venture partnerships	<u>1,002,313</u>	<u>975,439</u>
	<u>1,002,313</u>	<u>975,439</u>

Accounting policy

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 consolidated 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. This is continued until the profits or losses 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 plant and equipment within the Distribution Partnership

Icon Water determines the fair value of plant and equipment of the ActewAGL Distribution Partnership at the beginning of each regulatory period. This is to align the ActewAGL Distribution Partnership's accounting policies on plant and equipment with those of the Group, i.e. from cost to fair value. This revaluation occurs within Icon Distribution Investments Limited. There is an immaterial impact on Icon Retail Investments Limited (refer Note 8b).

The key assumptions underlying the 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 4.44%.

Similar to the water and sewerage fair value assessment (see Note 8b), 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 \$4.0 million.

A quantitative materiality threshold is applied when revaluing the investment in the ActewAGL Distribution Partnership to determine whether an adjustment is required.

The valuation exercise for the year ending 30 June 2018 resulted in the difference in the fair value compared to the carrying values being less than the quantitative materiality threshold so no adjustment was necessary at 30 June 2018 (30 June 2017: no increment or decrement). Refer Note 9(b).

7. Financial assets and financial liabilities (continued)

e) Trade and other payables

	2018			2017		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Trade payables	5,967	-	5,967	4,848	-	4,848
Other payables and accruals (i)	46,808	369	47,177	48,352	448	48,800
Income tax equivalents payable	3,045	-	3,045	5,888	-	5,888
Unearned revenue	5,422	-	5,422	6,387	-	6,387
	61,242	369	61,611	65,475	448	65,923

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

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 - 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 statement of financial position 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)

f) Borrowings

	2018 \$'000	2017 \$'000
Current liabilities		
Unsecured loans	<u>26,825</u>	<u>393,543</u>
	26,825	393,543
Non-current liabilities		
Unsecured loans	<u>1,641,652</u>	<u>1,193,468</u>
	1,641,652	1,193,468
Total borrowings	<u>1,668,477</u>	<u>1,587,011</u>

Icon Water maintains a balanced portfolio consisting of a capital indexed bond (CIB), three CPI linked indexed annuity bonds (IAB) and four medium term notes (MTN).

Instrument	Balance (million)	Yield	Maturity (years)	Start Date	Maturity Date
CIB	\$291.3	3.72	12	17 June 2010	17 June 2030
IAB	\$56.1	4.47	2	17 April 2000	17 April 2020
IAB	\$311.3	4.21	30	12 June 2008	12 June 2048
IAB	\$102.6	5.74	30	12 June 2009	12 June 2048
MTN	\$214.6	4.33	2	22 May 2012	22 May 2020
MTN	\$99.0	4.22	6	22 May 2014	22 May 2024
MTN	\$123.7	2.66	8	23 May 2016	21 May 2026
MTN	\$469.9	3.25	9	18 April 2018	18 April 2028
Total	\$1,668.5				

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)

g) 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 the 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 the 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 as revenue 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 the 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 the 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)

g) 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

	2018	2017
	\$'000	\$'000
Current assets		
Finished goods for operational use	4,337	4,099
	4,337	4,099

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 \$8.8 million (2017: \$8.2 million).

Accounting Policy

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The difference between cost and net realisable value is recorded as a write down of inventory.

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 network \$'000	Sewerage network \$'000	Infrastructure land & buildings \$'000	Non- infrastructure land & buildings \$'000	Plant and equipment at cost \$'000	Equipment under finance lease at cost (ii) \$'000	Total \$'000
At 1 July 2017							
Cost or fair value	1,529,895	1,036,450	15,329	32,653	4,585	812	2,619,724
Accumulated depreciation	(196,215)	(178,460)	(141)	(6,502)	(3,157)	(144)	(384,619)
Net book amount	1,333,680	857,990	15,188	26,151	1,428	668	2,235,105
Year ended 30 June 2018							
Opening net book amount	1,333,680	857,990	15,188	26,151	1,428	668	2,235,105
Additions	25,379	56,180	-	565	1,999	-	84,123
Depreciation charge	(28,238)	(18,807)	(12)	(169)	(985)	(32)	(48,243)
Gifted Assets	6,591	9,259	-	-	-	-	15,850
Retirement	(3)	(1)	-	(235)	(3)	-	(242)
Revaluation	178,085	-	-	-	-	-	178,085
Transfers	(944)	766	-	-	654	-	476
Borrowing costs	(365)	4,133	-	1	-	-	3,769
Closing net book amount	1,514,185	909,520	15,176	26,313	3,093	636	2,468,923
As at 30 June 2018							
Cost or fair value	1,768,539	1,106,785	15,329	31,486	7,230	812	2,930,181
Accumulated depreciation	(254,354)	(197,265)	(153)	(5,173)	(4,137)	(176)	(461,258)
Net book amount	1,514,185	909,520	15,176	26,313	3,093	636	2,468,923

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

(ii) A finance lease has been entered into by the parent entity. Minimum lease payments and lease information are included in Note 14.

8. Non-financial assets and liabilities (continued)

b) Property, plant and equipment (continued)

Accounting policy

Acquisition and recognition 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.

Gifted 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 belongs.

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 network and Sewerage network 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 which was performed by Certified Practising Valuers.

If the fair value of an asset materially differs from its carrying amount outside of the 3 year valuation cycle, then the asset will be revalued regardless of when the last valuation occurred.

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 the profit or loss. In this case the increase is credited to the 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 the 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	60
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

Change in 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.

In the year ended 30 June 2018, Icon Water changed the assumptions used to determine future cash flows in order to eliminate variability encountered in prior years' fair value assessments. The current assumptions used to determine revenue, operating expenditure and capital expenditure are based on methodologies applied by the regulator, the Independent Competition and Regulatory Commission (ICRC). The terminal value used is based on the Regulated Asset Base value rather than the cash flow perpetuity model used in the prior financial year. 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 methodologies applied by the ICRC
- Operating and capital expenditure is based on Icon Water's Statement of Corporate Intent 2018 with reference to methodologies applied by the ICRC
- the market based post-tax nominal discount rate used is 4.44%.

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 \$6.5 million for water infrastructure assets and \$4.0 million for sewerage infrastructure assets.

8. Non-financial assets and liabilities (continued)

b) Property, plant and equipment (continued)

Change in Critical Accounting Estimate (continued)

Icon Water makes an assessment of materiality based on the total asset base of the water and sewerage cash generating units. 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 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 change in accounting estimates resulted in a \$178.1m increase to the value of water infrastructure assets.

The difference between the valuation of sewerage assets compared to their carrying value was lower than the quantitative threshold. In addition, as there was no other qualitative evidence to suggest it was material no adjustment was necessary to the value of sewerage assets at 30 June 2018.

c) Investment properties

	Total \$'000
At 1 July 2017	
Cost or fair value	10,568
Accumulated depreciation and impairment	(3,551)
Net book amount	7,017
 Year ended 30 June 2018	
Opening net book amount	7,017
Depreciation charge	(176)
Closing net book amount	6,841
 At 30 June 2018	
Cost	10,568
Accumulated depreciation and impairment	(3,727)
Net book amount	6,841

Accounting policy

Valuation

Investment properties 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 Certified Practising Valuers.

8. Non-financial assets and liabilities (continued)

d) Intangible assets

	Computer software \$'000	Carbon credits \$'000	Total \$'000
At 1 July 2017			
Cost or fair value	17,187	-	17,187
Accumulated amortisation and impairment	(4,330)	-	(4,330)
Net book amount	12,857	-	12,857
Year ended 30 June 2018			
Opening net book amount	12,857	-	12,857
Additions	16,142	438	16,580
Amortisation charge	(1,071)	-	(1,071)
Disposal	-	(438)	(438)
Write-off	(2,898)	-	(2,898)
Borrowing costs capitalised	589	-	589
Transfer to property, plant and equipment	(476)	-	(476)
Closing net book amount	25,143	-	25,143
At 30 June 2018			
Cost	30,544	-	30,544
Accumulated amortisation and impairment	(5,401)	-	(5,401)
Net book amount	25,143	-	25,143

Accounting Policy

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 its Works Asset Management System, Geospatial Information System 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.

e) Accounting policy relating to property plant and equipment, investment properties and intangible assets

Accounting Policy

Impairment

At each reporting date, the 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. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. 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 the profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously expensed.

8. Non-financial assets and liabilities (continued)

f) Provisions

	2018			2017		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Employee entitlements	10,926	1,063	11,989	10,229	1,173	11,402
Employee entitlements – seconded employees	6,384	-	6,384	6,273	-	6,273
Provision for dividend	14,873	-	14,873	19,151	-	19,151
Provision for make good restoration	3,568	1,335	4,903	5,008	1,255	6,263
Other employee related provisions	3,453	3,401	6,854	4,648	3,669	8,317
Workers' compensation provisions	531	3,030	3,561	1,611	2,663	4,274
Carbon emissions	-	1,806	1,806	-	2,163	2,163
	39,735	10,635	50,370	46,920	10,923	57,843

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 emissions \$'000	Total \$'000
2018					
Carrying amount at the start of the year	8,317	4,274	6,263	2,163	21,017
Additional provisions recognised	308	938	112	81	1,439
Unused amounts reversed	(589)	(229)	(1,044)	-	(1,862)
Amounts used during the year	(1,182)	(1,427)	(503)	(438)	(3,550)
Unwinding of discount	-	5	75	-	80
Carrying amount at the end of the year	6,854	3,561	4,903	1,806	17,124

Accounting Policy

Provisions are recognised when the Group has a present obligation 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 (including on-costs) 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)

f) Provisions (continued)

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 2018, 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 \$2.0 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 2018, 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)

g) Deferred tax balances

	2018	2017
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Depreciation	228,817	228,318
Asset revaluation	164,766	111,341
Distributions from ActewAGL Partnerships	40,928	36,623
Employee entitlements	(8,102)	(8,686)
Joint venture receivable – employee entitlements	2,134	2,167
Adjustment to prior year tax	705	(1,424)
Other	(388)	(637)
Net deferred tax liability	428,860	367,702

8. Non-financial assets and liabilities (continued)

g) Deferred tax balances (continued)

Movements	Depreciation \$'000	Asset revaluation \$'000	Distributions from		Employee entitlements \$'000	Joint Venture receivable – employee entitlements \$'000	Adjustments to prior year tax ¹ \$'000	Other \$'000	Total \$'000
			ActewAGL Partnerships \$'000	Partnerships \$'000					
At 1 July 2016	229,264	116,641	33,959	(9,053)	2,024	(292)	(163)	372,380	
Charged/(credited):									
– profit or loss	(946)	-	2,664	367	143	(1,132)	(474)	622	
– directly to equity (Note 5)	-	(5,300)	-	-	-	-	-	(5,300)	
At 30 June 2017	228,318	111,341	36,623	(8,686)	2,167	(1,424)	(637)	367,702	
At 1 July 2017	228,318	111,341	36,623	(8,686)	2,167	(1,424)	(637)	367,702	
Charged/(credited):									
– profit or loss	499	-	4,305	584	(33)	2,129	249	7,733	
– directly to equity (Note 5)	-	53,425	-	-	-	-	-	53,425	
At 30 June 2018	228,817	164,766	40,928	(8,102)	2,134	705	(388)	428,860	

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.

¹ Adjustment relates to the prior year income tax reconciliation (unders/overs)

9. Equity

a) Share capital

	2018 Shares	2017 Shares	2018 \$'000	2017 \$'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 2018 and 30 June 2017 were as follows:

	2018 \$'000	2017 \$'000
Total debt (Note 7f)	1,668,477	1,587,011
Total equity	<u>1,443,399</u>	<u>1,300,632</u>
	<u>3,111,876</u>	<u>2,887,643</u>
Gearing ratio	53.6%	55.0%

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

	2018 \$'000	2017 \$'000
Asset revaluation reserve	511,263	386,603
General insurance reserve	-	9,820
Total reserves	<u>511,263</u>	<u>396,423</u>

Movements in reserves:

Asset revaluation		
At the beginning of the financial year	386,603	398,968
Revaluation – net of tax		
Property, plant and equipment	124,660	-
Intangibles	-	(12,365)
	<u>511,263</u>	<u>386,603</u>
General insurance reserve		
At the beginning of the financial year	9,820	9,820
Transfer to retained profits	<u>(9,820)</u>	-
	-	<u>9,820</u>
At the end of the financial year	<u>511,263</u>	<u>396,423</u>

9. Equity (continued)

b) Reserves (continued)

Accounting Policy

Asset revaluation reserve

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

General insurance reserve

Due to the difficulty in obtaining certain categories of insurance, the restrictions on cover, and increases in excesses, it was considered prudent in previous financial years to maintain a reasonable financial capacity to manage risks that may arise. Accordingly, previous reserves made for the environment and bushfire risks were maintained in a general insurance reserve.

Icon Water has obtained sufficient insurance coverage so that the general insurance reserve is no longer required. The general insurance reserve was transferred to retained earnings during the financial year.

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	
			2018 %	2017 %
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 2018 and the results for the period then ended.

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 their respective joint ventures. Information relating to the joint venture partnerships is presented in accordance with the accounting policy described below and is set out as follows:

	2018 \$'000	2017 \$'000
Share of partnership's commitments		
Lease commitments	21,230	29,239
Capital and other commitments	8,044	4,985
	<u>29,274</u>	<u>34,224</u>

11. Interests in joint ventures (continued)

b) Contingent liabilities relating to joint ventures

(i) Claims

There are no contingent public liability insurance claims against the ActewAGL partnerships at year end. The Group's share of the partnerships' contingent liability is nil at 30 June 2018 (30 June 2017: \$12,500).

(ii) Bank guarantees

The ActewAGL partnerships have given a number of bank guarantees in respect to security deposits in relation to its leases with the Group's share amounting to \$2.4 million at 30 June 2018 (30 June 2017: \$2.4 million). These have not been recognised in the consolidated statement of financial position. Amounts have been disclosed using the Group's share of the contingent liability.

Accounting policy

Principles of consolidation

Icon Water has reviewed and assessed its joint arrangement partnerships (ActewAGL Retail Partnership and ActewAGL Distribution Partnership) 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.

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 valuation based on future discounted cash flows.

The 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 2018 resulted in the difference in the valuation compared to the carrying values being less than the quantitative materiality threshold for ActewAGL Distribution Partnership plant and equipment assets. As there was no other evidence to suggest it was material, no adjustment was necessary to the value of the plant and equipment at 30 June 2018.

12. Parent entity financial information

a) Summary financial information

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

	2018 \$'000	2017 \$'000
Balance sheet		
Current assets	222,645	240,756
Total assets	<u>3,336,722</u>	<u>3,071,467</u>
Current liabilities	127,766	506,915
Total liabilities	<u>2,085,740</u>	<u>1,962,771</u>
Net assets	<u>1,250,982</u>	<u>1,108,696</u>
Shareholders' equity		
Contributed equity	758,872	758,871
Reserves		
Asset revaluation	302,558	177,899
General insurance	-	9,820
Retained earnings	<u>189,553</u>	<u>162,106</u>
	<u>1,250,983</u>	<u>1,108,696</u>
Profit for the year	107,208	96,404
Total comprehensive income	231,867	96,404

b) Guarantees entered into by the parent entity

The parent entity bank guarantees at 30 June 2018 are nil (30 June 2017: nil).

c) Contingent liabilities of the parent entity

The parent entity contingent liabilities at 30 June 2018 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 2018 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. Claims

Entities within Icon Water are involved in other 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

	2018 \$'000	2017 \$'000
Capital expenditure commitments (i)	105,529	107,330
Other expenditure commitments (ii)	159,024	183,663
Operating lease (iii)		
Commitments in relation to operating leases contracted at balance date but not provided for in accounts payable:		
– Within one year	3,262	3,072
– Later than one year but not later than five years	10,297	9,580
– Later than five years	1,886	3,376
Minimum lease payments	15,445	16,028
Finance lease (iv)		
Commitments in relation to finance 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	382	483
Minimum lease payments	483	584

14. Commitments for expenditure (continued)

- (i) Capital commitments include contractual commitments for capital expenditure of \$92.3 million at 30 June 2018 (30 June 2017: \$93.9 million) and amounts for purchase of carbon credits through contracts with CO2 and AusCarbon for \$13.2 million at 30 June 2018 (30 June 2017: \$13.4 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 motor vehicles supplied by Toyota Fleet Management and for the property lease with ActewAGL for the office in Bunda Street in Canberra.
- (iv) A finance lease has been entered into by Icon Water 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

No matters or circumstances have 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

	2018	2017
	\$'000	\$'000
Short-term employee benefits	2,748	2,710
Post-employment benefits	226	243
Other long-term benefits	92	62
Total benefits	<u>3,066</u>	<u>3,015</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)

2017-18	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 \$
Wendy Caird Non-Executive Chair	76,300	1,058	9,919	-	-	87,277
Carol Lilley Non-Executive Deputy Chair	55,379	523	7,199	-	-	63,101
John Knox Managing Director	706,654	523	25,000	32,020	-	764,197
Rachel Peck Non-Executive Director	38,118	574	4,955	-	-	43,647
Thomas Parry Non-Executive Director	38,118	-	4,955	-	-	43,073
Abigail Goldberg (Note (f)) Non-Executive Director	37,397	-	4,862	-	-	42,259
Brett Tucker (Note (i)) Non-Executive Director	37,397	523	4,862	-	-	42,782
Dorte Ekelund (Note (ii)) Non-Executive Director	25,572	-	3,324	-	-	28,896
Jennifer Goddard (Note (iii)) Non-Executive Director	12,546	-	1,631	-	-	14,177
Ray Hezkial (Note (iv)) General Manager Infrastructure Services	398,134	-	25,000	30,970	-	454,104
Sam Sachse Chief Financial Officer	379,137	1,489	25,000	20,410	-	426,036
Jane Breaden General Manager Business Services	361,443	-	25,000	-	-	386,443
Richard Spurrett Chief Information Officer	336,558	178	50,474	-	-	387,210
Cameron Patrick (Note (v)) Acting General Manager Customer Engagement	235,415	-	32,958	8,511	-	276,884
Other Senior Managers (Note (vi))	5,427	-	516	-	-	5,943
Total as per the Annual Report	2,743,595	4,868	225,655	91,911	-	3,066,029

16. Key management personnel disclosures (continued)

2016-17	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 \$
Wendy Caird Non-Executive Chair (Note (i))	53,760	500	6,989	-	-	61,249	
Dr Michael Easson AM Non-Executive Chair (Note (ii))	55,385	-	7,200	-	-	62,585	
Carol Lilley Non-Executive Director (Note (iii))	40,276	500	5,236	-	-	46,012	
John Knox Managing Director	684,965	-	33,788	28,569	-	747,322	
Rachel Peck Non-Executive Director	38,631	550	5,022	-	-	44,203	
Jennifer Goddard Non-Executive Director	38,631	-	5,022	-	-	43,653	
Thomas Parry Non-Executive director	38,556	-	5,012	-	-	43,568	
Dr Allan Hawke AC Non-Executive Director (Note (iv))	17,144	-	2,229	-	-	19,373	
Amanda Lewry General Manager Asset Management (Note (v))	353,739	805	30,115	10,487	-	395,146	
Ray Hezkial General Manager Project Delivery, Operations & Maintenance	359,232	1,621	30,115	11,841	-	402,809	
Sam Sachse Chief Financial Officer	353,446	-	30,115	11,498	-	395,059	
Jane Breaden General Manager Business Services	339,526	-	35,758	-	-	375,284	
Richard Spurrett General Manager Strategic Projects & Technology	333,044	-	46,616	-	-	379,660	
Total as per the Annual Report	2,706,335	3,976	243,217	62,395	-	3,015,923	

16. Key management personnel disclosures (continued)

Note references 2017-18:

- (i) Brett Tucker and Abigail Goldberg commenced as a director of Icon Water on 10 July 2017.
- (ii) Dorte Ekelund commenced as a director of Icon Water on 1 November 2017.
- (iii) Jennifer Goddard ceased holding office of director of Icon Water on 31 October 2017.
- (iv) Ray Hezkial elected to take a cash payment of \$15,075 in lieu of taking two weeks annual leave during the financial year. This payment was in line with the requirements under the Enterprise Bargaining Agreement 2017.
- (v) Cameron Patrick was acting in a General Manager capacity for the full financial year, firstly as General Manager Asset Management then as General Manager Customer Engagement.
- (vi) Davina McCormick commenced with Icon Water as General Manager Customer Engagement on 25 June 2018. Ms McCormick's remuneration is disclosed as Other Senior Managers.
- (vii) 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 2017-18, there were 15 KMP for Icon Water, 9 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*.
- (viii) No KMP's reached 7 years of service in 2017-18.

Note references 2016-17:

- (i) Wendy Caird became chair of Icon Water on 17 of March 2017, replacing Dr Michael Easson AM.
- (ii) Dr Michael Easson AM ceased holding office of Chair of Icon Water on 17 March 2017.
- (iii) Carol Lilley became Deputy Chair of Icon Water on 17 March 2017, replacing Wendy Caird.
- (iv) Dr Allan Hawke AC ceased holding office of director of Icon Water on 6 December 2016.
- (v) Amanda Lewry ceased employment on 30 June 2017 as General Manager Asset Management. Ms Lewry's annual leave entitlements of \$15,745 were not paid as at 30 June 2017.
- (vi) 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 2016-17, 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*.
- (vii) No KMP's reached 7 years of service in 2016-17.

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

Directors

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

Wendy Caird, Chair
Carol Lilley, Deputy Chair
John Knox, Managing Director
Rachel Peck, Director
Dr Thomas Parry AM, Director
Abigail Goldberg, Director (appointed 10 July 2017)
Brett Tucker, Director (appointed 10 July 2017)
Dorte Ekelund, Director (appointed 1 November 2017)
Jennifer Goddard, Director (resigned 31 October 2017)

There have been no related party transactions with directors and their related parties apart from those disclosed in the key management personnel note (Note 16), and water and sewerage invoices issued on an arm's length basis (30 June 2017: Nil).

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:

	2018	2017
	\$'000	\$'000
Wholly owned controlled entities		
Dividend revenue	64,960	61,142
Income tax equivalents expense to the ACT Government	47,106	43,385
Aggregate amounts receivable from and payable to entities in the wholly-owned groups at balance date were as follows:		
– Current receivables (tax funding agreement)	21,106	22,055
– Current receivables (other)	64,992	61,142
– Current payables and other	14,873	19,151
– Non-interest bearing loans	610,355	594,577

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

The ultimate parent entity is the ACT Government. The shareholders are the Chief Minister and Minister for Environment and Heritage of the ACT which own 100% (2017: 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.

17. Related party transactions (continued)

Other related parties

The following transactions occurred with the ActewAGL Joint Venture Partnerships:

	2018	2017
	\$'000	\$'000
Purchase and sale of goods and services:		
– Purchase of goods and services	38,208	42,657
– Sale of goods and services	17,535	15,065
Aggregate amounts receivable from and payable to joint venture partnerships at balance date:		
– Current receivables	7,683	8,116
– Current accounts payables and other	10,359	12,892
– Non-current receivables	566	469



Icon Distribution Investments Limited

ABN 83 073 025 224

General Purpose

Financial Report

For the year ended 30 June 2018

Icon Distribution Investments Limited

ABN 83 073 025 224

Financial Report for the year ended 30 June 2018

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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 along with Jemena Networks (ACT) Pty Ltd holds shares in ActewAGL Distribution Investments Pty Ltd as joint tenants of 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

Bankers

Commonwealth Bank of Australia

Website

www.iconwater.com.au

Directors' Report

The directors present the financial report of Icon Distribution for the year ended 30 June 2018.

Directors

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

Wendy Caird, Chair
MAICD

Wendy Caird was first appointed to the Icon Water Board in December 2009, was appointed as acting Deputy Chair of the Icon Water Board from 1 July 2013 and appointed as Deputy Chair in March 2014. Ms Caird's appointment term was extended in March 2017 when she was appointed as Chair of the Icon Water Board due to her extensive knowledge of Icon Water's business and experience on the ActewAGL Partnerships Board. Ms Caird is the Chair of Icon Water's Remuneration Committee, Chair of Icon Distribution Investments Limited and Icon Retail Investments Limited and a member of the ActewAGL Partnerships Board. She is also Chair of ActewAGL's Safety, Audit 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.

Carol Lilley, Deputy Chair
BCom, FCA, CIA, CGAP, GAICD

Carol Lilley was appointed to the Icon Water Board in April 2013. Ms Lilley is Chair of Icon Water's Risk and Assurance Committee and a member of the Remuneration Committee. Ms Lilley was appointed as Deputy Chair of the Boards of Icon Water Limited, Icon Retail Investments Limited and Icon Distribution Investments Limited in March 2017.

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 professional services experience is in financial statement audit, internal audit and project and risk management, with a particular focus on government.

Ms Lilley is currently Chair of several ACT Government directorate audit committees (Chief Minister, Treasury and Economic Development; Education; Environment, Planning and Sustainable Development). Ms Lilley also has various governance roles for Commonwealth Government entities (member of the Departments of Home Affairs, Human Services and Australian Federal Police's Audit Committees, Chair of National Film and Sound Archives' Audit Committee, independent management assurer for the whole of government accounts, independent board member for Australian Financial Security Authority) as well as Chair of the Board of Instaclustr Pty Ltd.

Ms Lilley is a Graduate of the Australian Institute of Company Directors, Fellow of Chartered Accountants Australia and New Zealand, was a registered company auditor and is a certified internal auditor.

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 of the Icon Water Limited Board and its subsidiary companies Icon Distribution Investments Limited and Icon Retail Investments Limited. He is also a member of the Icon Water Board's Remuneration Committee.

Mr Knox is a director of the Water Services Association of Australia (WSAA) Board, Chair of the WSAA Customer and Industry Leadership Committee, and a member of the ActewAGL Partnership Board. Mr Knox commenced as the Managing Director of Icon Water in 2014 and prior to that held the position of Chief Finance Officer of ActewAGL.

Mr Knox has spent 12 years in the utilities sector, working across water, environmental services, energy and telecommunications.

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

Rachel Peck was appointed to the Icon Water Board in May 2011 and reappointed for a third term from May 2017 to ensure a continuation of experience and corporate knowledge for the effective functioning of the Board. Ms Peck is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee and a director of the Icon Distribution Investments Board and Icon Retail Investments Limited Board.

Ms Peck is Principal of peckvonhartel and is an advisory board member of the Australian Futures Project. Ms Peck is the former Deputy Chair of the Australian Tapestry Workshop, former Chair of the Canberra Business Chamber Planning and Infrastructure Taskforce, former divisional council member of the Property Council of Australia (ACT) and former 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.

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

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015. Dr Parry is a member of the Icon Water Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board. In March 2017 Dr Parry was also appointed as Deputy Chair of the ActewAGL Partnerships Board.

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). He also was a director of ASX-Compliance (the regulatory arm of the Australian Securities Exchange) from 2007 to 2017.

From 2004–2009 Dr Parry 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 Foundation Chair of Powering Australian Renewables Fund, and a Director of Powerco New Zealand.

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.

Directors (continued)

Abigail Goldberg, Director

MBA (Executive), MA (Urban Design), BSc (TRP hon), FAICD

Appointed 10 July 2017

Abigail Goldberg was appointed to the Icon Water Board in July 2017. She is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Ms Goldberg is a Non-Executive Director of Crown Lands Holiday Park Trust NSW, where she is Chair of the Audit and Risk Committee, and Deputy Chair of Cemeteries and Crematoria NSW, where she chairs the Industry Liaison Group. She was previously a Non-Executive Director on the Central Coast Water Corporation, and in May 2018 completed the maximum six year term as a Commissioner at the Independent Planning Commission, the decision-making body responsible for major and state significant projects in NSW.

Since March 2018 Ms Goldberg has been lead Chair for the Ryde and Willoughby City Council's Independent Hearing Assessment Panels in NSW, and she is an alternate Chair for the Panel for the City of Sydney. She is an alternate for the NSW Joint Regional Planning Panels. She is also the Executive Chair of GoldbergBlaise, a boutique consultancy providing advice to the infrastructure, planning, housing, tourism and transport sectors. Ms Goldberg is an Associate of the Institute for Public Policy and Governance, University of Technology, Sydney.

Ms Goldberg has held a number of executive positions, including CEO, Metro Transport Sydney (light rail and monorail company) and General Manager, South Sydney Development Corporation.

Ms Goldberg is a Fellow of the Australian Institute of Company Directors and a Fellow of the Planning Institute of Australia. She has been a Mentor for the 'Next Generation of Corporate Female Leaders' program (Women on Boards) as well as a recipient of the Women's Scholarship (Australian Graduate School of Business, UNSW, 1999).

Brett Tucker, Director

BRurSc, Grad.Cert. Accounting and Finance, MAICD, Churchill Fellow

Appointed 10 July 2017

Mr Brett Tucker was appointed to the Icon Water Board in July 2017 and is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Mr Tucker joined Icon Water with more than 26 years of experience working in the public and private sector as a director and chief executive in complex operating environments with financial responsibilities exceeding multi millions of dollars, predominantly in water resource management and agriculture.

Mr Tucker established Blackwatch Consulting in 2016. Blackwatch specialises in the provision of high-level strategic, technical and project advice to public and private utilities as well as the private contracting market seeking to do business in the sector. He also is currently a Director of the Peter Cullen Trust and provides mentoring and coaching support to a number of Senior Managers and prospective industry leaders.

Mr Tucker holds an Honours Degree in Rural Science and a Graduate Certificate in Accounting and Finance. Mr Tucker was awarded a Churchill Fellowship in 1998 and is a member of the Australian Institute of Company Directors.

Directors (continued)

Dorte Ekelund

BURP (Hons) (Urban and Regional Planning), MBA, Adjunct Professor (Planning), Fellow Planning Institute of Australia, MAICD

Appointed 1 November 2017

Dorte Ekelund was appointed to the Icon Water Board in November 2017. She is a member of the Icon Water Remuneration Committee and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Ms Ekelund is currently Principal Advisor - Smart Cities, SMEC, a member of the Northern Territory Planning Commission (NTPC), a member of the University of Wollongong's SMART Infrastructure Advisory Council, and director of the Infrastructure Sustainability Council of Australia.

Ms Ekelund is an urban and regional planner with over 30 years' experience working in most facets of strategic and statutory land use and infrastructure planning across all levels of government and various jurisdictions - most recently as former Director-General of the ACT Environment, Planning and Sustainable Development Directorate (2013-2017).

Ms Ekelund has considerable experience in environmental policies and management, including water policies and programs, climate change mitigation and adaptation action. Her experience in energy includes membership of the Council of Australian Governments (COAG) Energy Senior Officials and oversight of significant policy initiatives and investment in renewables.

Ms Ekelund has a Bachelor of Urban and Regional Planning (Class 1 Honours), an MBA and is an adjunct Professor (Planning) University of Canberra.

Jennifer Goddard, Director

BCom (Hons)

Appointed 10 July 2017 and resigned 31 October 2017

Jennifer Goddard was appointed to the Icon Water Board in November 2011, and was appointed to the Icon Distribution Investments Limited and Icon Retail Investments Limited Boards on 10 July 2017. Ms Goddard was also a member of the Icon Water Board's Risk and Assurance Committee and a member of the Remuneration Committee. Ms Goddard resigned from the Icon Water and subsidiary Boards and Committees on 31 October 2017.

Ms Goddard is an independent non-executive director who has served on the boards of several Commonwealth and ACT Government organisations.

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.

Company Secretary

Jane Breaden

MSc, MMgsST, BBus, GCProfWrtg, GCPerfAudt

Jane Breaden, General Manager Business Services, was appointed as company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in July 2016. Ms Breaden previously held the role of alternate company secretary from 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.

Alison Pratt

B.Ec, LLB (Hons), GDLP

Alison Pratt, Manager Legal and Secretariat, was appointed deputy company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in August 2016. Prior to joining Icon Water in 2013, Ms Pratt worked in private commercial legal practice in Australia and the United Kingdom. Ms Pratt's legal experience includes advising clients from both the private and public sectors on corporate governance, property, environment, construction and planning. Ms Pratt holds a Bachelor of Economics, a Bachelor of Laws and a Graduate Diploma in Legal Practice.

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
Wendy Caird, Chair	6	6
Carol Lilley	6	6
John Knox	6	6
Rachel Peck	5	6
Abigail Goldberg	6	6
Brett Tucker	6	6
Jennifer Goddard	1	1
Dr Thomas Parry	6	6
Dorte Ekelund	4	5

Principal activities and review of operations

Icon Distribution holds a 50% interest in the ActewAGL Distribution Partnership. Its operations and the expected results of those operations are dependent on that of the ActewAGL Distribution Partnership.

In August 2017, Icon Distribution Investments Limited and Jemena Networks (ACT) Pty Ltd formed ActewAGL Distribution Investments Pty Ltd with the intention that it will be a holding company for investments of ActewAGL Distribution. Icon Distribution Investments Limited and Jemena Networks (ACT) Pty Ltd hold the two issued shares as joint tenants of the ActewAGL Distribution Partnership.

Significant changes in the state of affairs

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

Trading results and dividends

A dividend of \$38,307,428 (30 June 2017: \$45,637,894) has been declared by the directors to be paid, which is 100% of 30 June 2018 after tax net profit.

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental Regulations

Icon Distribution has various environmental reporting requirements and obligations in each state and territory that it holds 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 Icon Distribution, 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.

No claim has been made against the officers and directors insurance policy during the 2017-18 financial year.

Indemnity of officers and directors

Icon Water has indemnified officers and directors of Icon Distribution and its controlled entities against liabilities and legal costs arising in the course of their duties. This includes 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.

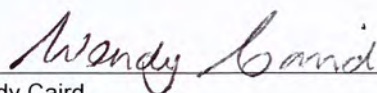
Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Rounding of amounts

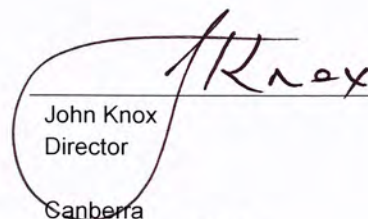
The Company is of a kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission (ASIC), relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded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



Wendy Caird
Chair

Canberra
4 September 2018



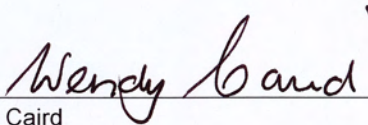
John Knox
Director

Canberra
4 September 2018

In the directors' opinion:

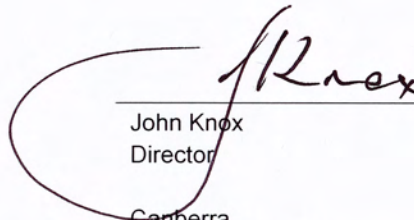
- (a) the financial statements, which include this directors' declaration and notes set out on pages 16 to 26, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2018 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 1a(v)).

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



Wendy Caird
Chair

Canberra
4 September 2018



John Knox
Director

Canberra
4 September 2018

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

I am providing an **unqualified audit opinion** on the financial report of Icon Distribution Investments Limited (the Company) for the year ended 30 June 2018. The financial report comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes and directors' declaration.

In my opinion, the financial report:

- (i) is presented in accordance with the *Corporations Act 2001*, Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements and other mandatory financial reporting requirements in Australia; and
- (ii) presents fairly the financial position of the Company and results of its operations and cash flows.

Basis for the audit opinion

The audit was conducted in accordance with Australian Auditing Standards. I have complied with the requirements of the Accounting Professional and Ethical Standards 110 *Code of Ethics for Professional Accountants*.

I believe that sufficient evidence was obtained during the audit to provide a basis for the audit opinion.

Responsibility for preparing and fairly presenting the financial report

The directors of the Company are responsible for:

- preparing and fairly presenting the financial report in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements;
- determining the internal controls necessary for the preparation and fair presentation of the financial report so that it is free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Company to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial report.

Responsibility for the audit of the financial report

Under the *Corporations Act 2001*, the Auditor-General is responsible for issuing an audit report that includes an independent audit opinion on the financial report of the Company.

As required by Australian Auditing Standards, the auditors:

- applied professional judgement and maintained scepticism;
- Identified and assessed the risks of material misstatements due to error or fraud and implemented procedures to address these risks so that sufficient evidence was obtained to form an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, intentional omissions or misrepresentations or the override of internal controls;
- obtained an understanding of internal controls to design audit procedures for forming an audit opinion;
- evaluated accounting policies and estimates used to prepare the financial report and disclosures made in the financial report;
- evaluated the overall presentation and content of the financial report, including whether they present the underlying transactions and events in a manner that achieves fair presentation;
- reported the scope and timing of the audit and any significant deficiencies in internal controls identified during the audit to the directors of the Company; and
- assessed the going concern* basis of accounting used in the preparation of the financial report.

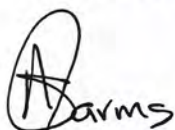
(*Where the auditor concludes that a material uncertainty exists which cast significant doubt on the appropriateness of using the going concern basis of accounting, the auditor is required to draw attention in the audit report to the relevant disclosures in the financial report or, if such disclosures are inadequate, the audit opinion is to be modified. The auditor's conclusions on the going concern basis of accounting are based on the audit evidence obtained up to the date of this audit report. However, further events or conditions may cause the entity to cease to continue as a going concern.)

Limitations on the scope of the audit

An audit provides a high level of assurance about whether the financial report is free from material misstatements, whether due to fraud or error. However, an audit cannot provide a guarantee that no material misstatements exist due to the use of selective testing, limitations of internal control, persuasive rather than conclusive nature of audit evidence and use of professional judgement in gathering and evaluating evidence.

An audit does not provide assurance on the:

- prudence of decisions made by the Company;
- adequacy of controls implemented by the Company; or
- integrity of the audited financial report presented electronically or information hyperlinked to or from the financial report. Assurance can only be provided for the printed copy of the audited financial report.



Ajay Sharma
Acting Auditor-General
5 September 2018

**Auditor's Independence Declaration
under Section 307C of the
*Corporations Act 2001***

To the Directors of Icon Distribution Investments Limited

In relation to the audit of the financial report of Icon Distribution Investments Limited for the year ended 30 June 2018, 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.



Ajay Sharma
Acting Auditor-General
5 September 2018

Icon Distribution Investments Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Share of net profit of the joint venture partnership accounted for using the equity method	2	54,749	65,275
Other expenses arising from ordinary activities		<u>(16)</u>	<u>(15)</u>
Profit before income tax equivalents expense		54,733	65,260
Income tax equivalent expense	3a	<u>(16,426)</u>	<u>(19,622)</u>
Profit for the year		<u>38,307</u>	<u>45,638</u>
Profit is attributable to:		<u> </u>	<u> </u>
Owners of Icon Distribution Investments Limited		<u>38,307</u>	<u>45,638</u>
Total comprehensive income for the year		<u>38,307</u>	<u>45,638</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 2018

	Note	2018 \$'000	2017 \$'000
ASSETS			
Non-current assets			
Investments accounted for using the equity method	5a	<u>962,958</u>	<u>938,708</u>
Total non-current assets		<u>962,958</u>	<u>938,708</u>
Total assets		<u>962,958</u>	<u>938,708</u>
LIABILITIES			
Current liabilities			
Trade and other payables	5b	19	18
Dividends payable	4	<u>38,307</u>	<u>45,638</u>
Total current liabilities		<u>38,326</u>	<u>45,656</u>
Non-current liabilities			
Deferred tax balances	6	141,327	135,598
Intercompany loan	5b	<u>574,203</u>	<u>548,352</u>
Total non-current liabilities		<u>715,530</u>	<u>683,950</u>
Total liabilities		<u>753,856</u>	<u>729,606</u>
Net assets		<u>209,102</u>	<u>209,102</u>
EQUITY			
Contributed equity	7a	400	400
Reserves	7b	<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 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Distributions received from the ActewAGL Distribution Partnership		30,500	41,500
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(15)</u>	<u>(13)</u>
Net cash inflow from operating activities		<u>30,485</u>	<u>41,487</u>
Cash flows from financing activities			
Income tax equivalents paid by Icon Water		(10,698)	(16,264)
Payments of dividends to Icon Water		<u>(45,638)</u>	<u>(49,041)</u>
Net cash outflow from financing activities		<u>(56,336)</u>	<u>(65,305)</u>
Net decrease in cash and cash equivalents		<u>(25,851)</u>	<u>(23,818)</u>
Parent company intercompany Icon Water account movements			
Balance at the beginning of the financial year		(548,352)	(524,534)
Balance at the end of the financial year	5b	<u>(574,203)</u>	<u>(548,352)</u>
Total movement		<u>(25,851)</u>	<u>(23,818)</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 2018

	Note	Capital \$'000	Retained earnings \$'000	Reserves \$'000	Total equity \$'000
Balance at 1 July 2016		400	-	208,702	209,102
Profit for the year		-	45,638	-	45,638
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	(45,638)	-	(45,638)
Balance at 30 June 2017		<u>400</u>	<u>-</u>	<u>208,702</u>	<u>209,102</u>
Balance at 1 July 2017		400	-	208,702	209,102
Profit for the year		-	38,307	-	38,307
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	(38,307)	-	(38,307)
Balance at 30 June 2018		<u>400</u>	<u>-</u>	<u>208,702</u>	<u>209,102</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 provide guidance for 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 additional 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. Income tax equivalents expense
4. Dividends
5. Financial assets and liabilities
6. Deferred tax balances
7. Equity
8. Interest in joint ventures
9. Contingencies
10. Commitments for expenditure
11. Events occurring after the reporting period
12. 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 not elected under s.334(5) of the *Corporations Act 2001* to early adopt any new Australian Accounting Standard in the current year.

(iv) *New and amended standards adopted*

The adoption of all new standards, amendments to standard interpretations that were issued prior to sign off date and are applicable to current or future financial reporting periods 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 2018, current liabilities exceed current assets by \$38.3 million. This deficiency in current assets is managed by Icon Distribution's ability to generate profits, as evidenced by current and prior year results as well as generating positive cash inflow from operating activities. 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) 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

	2018 \$'000	2017 \$'000
Share of net profit of the ActewAGL Distribution Partnership accounted for using the equity method	<u>54,749</u>	<u>65,275</u>
	<u>54,749</u>	<u>65,275</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. 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

	2018 \$'000	2017 \$'000
Current tax		
Current tax equivalents expense recognised in the current year	12,697	16,589
Adjustment to prior year (i)	<u>(1,999)</u>	<u>(325)</u>
	10,698	16,264
Deferred tax		
Deferred tax equivalents expense recognised in the current year	3,758	3,056
Adjustments to prior year (i)	<u>1,970</u>	<u>302</u>
	5,728	3,358
Income tax equivalents expense	<u>16,426</u>	<u>19,622</u>
	<u>16,426</u>	<u>19,622</u>

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

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

	2018 \$'000	2017 \$'000
Profit from continuing operations before income tax expense	54,733	65,260
Tax at the Australian tax rate of 30% (2016-17: 30%)	16,420	19,578
Other Items:		
- Other non-deductible expenses	31	(81)
- Other	5	148
- Adjustments for income tax expense of prior periods	<u>(30)</u>	<u>(23)</u>
Income tax equivalents expense	<u>16,426</u>	<u>19,622</u>

3. Income tax equivalents expense (continued)

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/receivable 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 where Icon Distribution'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 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.

4. Dividends

	2018 \$'000	2017 \$'000
Dividend payable at the beginning of the financial year	45,638	49,041
Amount appropriated from operating profit	<u>38,307</u>	<u>45,638</u>
	83,945	94,679
Amount paid during the year	<u>(45,638)</u>	<u>(49,041)</u>
Dividend payable at the end of the financial year	<u>38,307</u>	<u>45,638</u>

Accounting policy

Icon Distribution pays 100% of its profits to Icon Water. A provision is made for this dividend at the end of financial year.

5. Financial assets and liabilities

(a) Investments accounted for using the equity method

	2018 \$'000	2017 \$'000
Non-current assets		
Investment in the ActewAGL Distribution Partnership	<u>962,958</u>	<u>938,708</u>
	<u>962,958</u>	<u>938,708</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.

Icon Distribution has assessed its joint arrangement in ActewAGL Distribution Partnership and concluded the arrangement to be a joint venture. The interest in the joint venture 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 plant and equipment assets of the ActewAGL Distribution Partnership will be adjusted to fair value if material to align to Icon Water Group's accounting policy on property, plant and equipment assets 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. This fair value adjustment was considered immaterial for 2017-18.

Critical Accounting Estimate

Icon Distribution determines the fair value of plant and equipment of the ActewAGL Distribution Partnership at the beginning of each regulatory period. This is to align ActewAGL Distribution Partnership's accounting policies on plant and equipment with those of the Icon Water Group, i.e. from cost to fair value. The fair value of 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 the 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 4.44%.

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 \$4.0 million.

Due to the highly sensitive market based nominal discount rate used in discounted cash flow models, Icon Distribution assesses whether the revaluation increment is material.

The valuation exercise for the year ending 30 June 2018 resulted in the difference in the valuation compared to the carrying values being less than the quantitative materiality threshold so no adjustment was necessary at 30 June 2018 (30 June 2017: no increment or decrement).

5. Financial assets and liabilities (continued)

(b) Trade and other payables

	2018			2017		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Trade payables	19	-	19	18	-	18
Intercompany loan	-	574,203	574,203	-	548,352	548,352
	19	574,203	574,222	18	548,352	548,370

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.

6. Deferred tax balances

	2018 \$'000	2017 \$'000
The balance comprises temporary differences attributable to:		
- Distributions from ActewAGL Distribution Partnership	48,925	45,165
- Adjustment to prior year tax (i)	2,960	991
- Asset revaluation	89,444	89,444
- Other	(2)	(2)
	<u>141,327</u>	<u>135,598</u>
Movements:		
Balance at the beginning of the year	135,598	132,240
Charged / (Credited):		
- to profit or loss	5,729	3,358
Balance at the end of the year	<u>141,327</u>	<u>135,598</u>

	Distributions from ActewAGL Distribution Partnership \$'000	Adjustment to prior year deferred tax (i) \$'000	Asset revaluation \$'000	Other \$'000	Total \$'000
At 1 July 2016	42,109	689	89,444	(2)	132,240
Charged / (Credited):					
- to profit or loss	3,056	302	-	-	3,358
At 30 June 2017	<u>45,165</u>	<u>991</u>	<u>89,444</u>	<u>(2)</u>	<u>135,598</u>
At 1 July 2017	45,165	991	89,444	(2)	135,598
Charged / (Credited):					
- to profit or loss	3,760	1,969	-	-	5,729
At 30 June 2018	<u>48,925</u>	<u>2,960</u>	<u>89,444</u>	<u>(2)</u>	<u>141,327</u>

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

7. Equity

(a) Contributed equity

	2018 Shares	2017 Shares	2018 \$'000	2017 \$'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) Reserves

	2018 \$'000	2017 \$'000
Asset revaluation reserve	208,702	208,702
	208,702	208,702

Movements in the asset revaluation reserve:

Balance at the beginning of the year	208,702	208,702
Balance at the end of the financial year	208,702	208,702

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 plant and equipment.

8. 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:

	2018 \$'000	2017 \$'000
Lease commitments	21,030	24,028
Capital and other commitments	8,044	3,297
	29,074	27,325

(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 amounts to \$2,358,898 (30 June 2017: \$2,358,898).

(c) Contingent liabilities

There are no contingent public liability insurance claims against the ActewAGL Distribution Partnership at year end. Icon Distribution's share of this contingent liability is nil as at 30 June 2018 (30 June 2017: nil).

9. Contingencies

No contingent liabilities are known to the directors at the date of this report (30 June 2017: nil).

10. Commitments for expenditure

At 30 June 2018, Icon Distribution had not committed to any future capital expenditure (30 June 2017: nil).

11. Events occurring after the reporting period

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

12. Related party transactions

(a) Directors

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

Wendy Caird, Chair
Carol Lilley, Deputy Chair
John Knox, Managing Director
Rachel Peck, Director
Dr Thomas Parry, Director (appointed 10 July 2017)
Abigail Goldberg, Director (appointed 10 July 2017)
Brett Tucker, Director (appointed 10 July 2017)
Dorte Ekelund, Director (appointed 1 November 2017)
Jennifer Goddard, Director (appointed 10 July 2017 and resigned 31 October 2017)

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 at 30 June 2018 (30 June 2017: nil).

(ii) *Retirement benefits*

There were no retirement benefits paid to directors at 30 June 2018 (30 June 2017: nil).

(iii) *Loans to directors*

There were no loans to any directors at 30 June 2018 (30 June 2017: 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:

Wendy Caird, Chair
Carol Lilley, Deputy Chair
John Knox, Managing Director
Rachel Peck, Director
Dr Thomas Parry, Director (appointed 10 July 2017)
Abigail Goldberg, Director (appointed 10 July 2017)
Brett Tucker, Director (appointed 10 July 2017)
Dorte Ekelund, Director (appointed 1 November 2017)
Jennifer Goddard, Director (appointed 10 July 2017 and resigned 31 October 2017)

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

12. Related party transactions (continued)

(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:

	2018	2017
	\$'000	\$'000
Revenue from the ActewAGL Distribution Partnership	54,749	65,275
The following balances are outstanding at the reported date in relation to transactions with related parties:		
- Dividend payable to Icon Water	38,307	45,638
- Intercompany loan liability – Icon Water	574,203	548,352



Icon Retail Investments Limited

ABN 23 074 371 207

General Purpose

Financial Report

For the year ended 30 June 2018

Icon Retail Investments Limited

ABN 23 074 371 207

Financial Report for the year ended 30 June 2018

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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 Retail Investments 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

Bankers

Commonwealth Bank of Australia

Website

www.iconwater.com.au

Directors' Report

The directors present the financial report of Icon Retail for the year ended 30 June 2018.

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:

Wendy Caird, Chair
MAICD

Wendy Caird was first appointed to the Icon Water Board in December 2009, was appointed as acting Deputy Chair of the Icon Water Board from 1 July 2013 and appointed as Deputy Chair in March 2014. Ms Caird's appointment term was extended in March 2017 when she was appointed as Chair of the Icon Water Board due to her extensive knowledge of Icon Water's business and experience on the ActewAGL Partnerships Board. Ms Caird is the Chair of Icon Water's Remuneration Committee, Chair of Icon Distribution Investments Limited and Icon Retail Investments Limited and a member of the ActewAGL Partnerships Board. She is also Chair of ActewAGL's Safety, Audit 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.

Carol Lilley, Deputy Chair
BCom, FCA, CIA, CGAP, GAICD

Carol Lilley was appointed to the Icon Water Board in April 2013. Ms Lilley is Chair of Icon Water's Risk and Assurance Committee and a member of the Remuneration Committee. Ms Lilley was appointed as Deputy Chair of the Boards of Icon Water Limited, Icon Retail Investments Limited and Icon Distribution Investments Limited in March 2017.

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 professional services experience is in financial statement audit, internal audit and project and risk management, with a particular focus on government.

Ms Lilley is currently Chair of several ACT Government directorate audit committees (Chief Minister, Treasury and Economic Development; Education; Environment, Planning and Sustainable Development). Ms Lilley also has various governance roles for Commonwealth Government entities (member of the Departments of Home Affairs, Human Services and Australian Federal Police's Audit Committees, Chair of National Film and Sound Archives' Audit Committee, independent management assurer for the whole of government accounts, independent board member for Australian Financial Security Authority) as well as Chair of the Board of Instaclustr Pty Ltd.

Ms Lilley is a Graduate of the Australian Institute of Company Directors, Fellow of Chartered Accountants Australia and New Zealand, was a registered company auditor and is a certified internal auditor.

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 of the Icon Water Limited Board and its subsidiary companies Icon Distribution Investments Limited and Icon Retail Investments Limited. He is also a member of the Icon Water Board's Remuneration Committee.

Mr Knox is a director of the Water Services Association of Australia (WSAA) Board, Chair of the WSAA Customer and Industry Leadership Committee, and a member of the ActewAGL Partnership Board. Mr Knox commenced as the Managing Director of Icon Water in 2014 and prior to that held the position of Chief Finance Officer of ActewAGL.

Mr Knox has spent 12 years in the utilities sector, working across water, environmental services, energy and telecommunications.

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

Rachel Peck was appointed to the Icon Water Board in May 2011 and reappointed for a third term from May 2017 to ensure a continuation of experience and corporate knowledge for the effective functioning of the Board. Ms Peck is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee and a director of the Icon Distribution Investments Board and Icon Retail Investments Limited Board.

Ms Peck is Principal of peckvonhartel and is an advisory board member of the Australian Futures Project. Ms Peck is the former Deputy Chair of the Australian Tapestry Workshop, former Chair of the Canberra Business Chamber Planning and Infrastructure Taskforce, former divisional council member of the Property Council of Australia (ACT) and former 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.

Dr Thomas Parry AM, Director
PhD, MEc, BEc (Hons)
Appointed 10 July 2017

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015. Dr Parry is a member of the Icon Water Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board. In March 2017 Dr Parry was also appointed as Deputy Chair of the ActewAGL Partnerships Board.

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). He also was a director of ASX-Compliance (the regulatory arm of the Australian Securities Exchange) from 2007 to 2017.

From 2004–2009 Dr Parry 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 Foundation Chair of Powering Australian Renewables Fund, and a Director of Powerco New Zealand.

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.

Directors (continued)

Abigail Goldberg, Director

MBA (Executive), MA (Urban Design), BSc (TRP hons), FAICD

Appointed 10 July 2017

Abigail Goldberg was appointed to the Icon Water Board in July 2017. She is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Ms Goldberg is a Non-Executive Director of Crown Lands Holiday Park Trust NSW, where she is Chair of the Audit and Risk Committee, and Deputy Chair of Cemeteries and Crematoria NSW, where she chairs the Industry Liaison Group. She was previously a Non-Executive Director on the Central Coast Water Corporation, and in May 2018 completed the maximum six year term as a Commissioner at the Independent Planning Commission, the decision-making body responsible for major and state significant projects in NSW.

Since March 2018 Ms Goldberg has been lead Chair for the Ryde and Willoughby City Council's Independent Hearing Assessment Panels in NSW, and she is an alternate Chair for the Panel for the City of Sydney. She is an alternate for the NSW Joint Regional Planning Panels. She is also the Executive Chair of GoldbergBlaise, a boutique consultancy providing advice to the infrastructure, planning, housing, tourism and transport sectors. Ms Goldberg is an Associate of the Institute for Public Policy and Governance, University of Technology, Sydney.

Ms Goldberg has held a number of executive positions, including CEO, Metro Transport Sydney (light rail and monorail company) and General Manager, South Sydney Development Corporation.

Ms Goldberg is a Fellow of the Australian Institute of Company Directors and a Fellow of the Planning Institute of Australia. She has been a Mentor for the 'Next Generation of Corporate Female Leaders' program (Women on Boards) as well as a recipient of the Women's Scholarship (Australian Graduate School of Business, UNSW, 1999).

Brett Tucker, Director

BRurSc, Grad.Cert. Accounting and Finance, MAICD, Churchill Fellow

Appointed 10 July 2017

Mr Brett Tucker was appointed to the Icon Water Board in July 2017 and is a member of the Icon Water Board's Risk and Assurance Committee, Remuneration Committee, and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Mr Tucker joined Icon Water with more than 26 years of experience working in the public and private sector as a director and chief executive in complex operating environments with financial responsibilities exceeding multi millions of dollars, predominantly in water resource management and agriculture.

Mr Tucker established Blackwatch Consulting in 2016. Blackwatch specialises in the provision of high-level strategic, technical and project advice to public and private utilities as well as the private contracting market seeking to do business in the sector. He also is currently a Director of the Peter Cullen Trust and provides mentoring and coaching support to a number of Senior Managers and prospective industry leaders.

Mr Tucker holds an Honours Degree in Rural Science and a Graduate Certificate in Accounting and Finance. Mr Tucker was awarded a Churchill Fellowship in 1998 and is a member of the Australian Institute of Company Directors.

Directors (continued)

Dorte Ekelund

BURP (Hons) (Urban and Regional Planning), MBA, Adjunct Professor (Planning), Fellow Planning Institute of Australia, MAICD

Appointed 1 November 2017

Dorte Ekelund was appointed to the Icon Water Board in November 2017. She is a member of the Icon Water Remuneration Committee and a director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Ms Ekelund is currently Principal Advisor - Smart Cities, SMEC, a member of the Northern Territory Planning Commission (NTPC), a member of the University of Wollongong's SMART Infrastructure Advisory Council, and director of the Infrastructure Sustainability Council of Australia.

Ms Ekelund is an urban and regional planner with over 30 years' experience working in most facets of strategic and statutory land use and infrastructure planning across all levels of government and various jurisdictions - most recently as former Director-General of the ACT Environment, Planning and Sustainable Development Directorate (2013-2017).

Ms Ekelund has considerable experience in environmental policies and management, including water policies and programs, climate change mitigation and adaptation action. Her experience in energy includes membership of the Council of Australian Governments (COAG) Energy Senior Officials and oversight of significant policy initiatives and investment in renewables.

Ms Ekelund has a Bachelor of Urban and Regional Planning (Class 1 Honours), an MBA and is an adjunct Professor (Planning) University of Canberra.

Jennifer Goddard, Director

BCom (Hons)

Appointed 10 July 2017 and resigned 31 October 2017

Jennifer Goddard was appointed to the Icon Water Board in November 2011, and was appointed to the Icon Distribution Investments Limited and Icon Retail Investments Limited Boards on 10 July 2017. Ms Goddard was also a member of the Icon Water Board's Risk and Assurance Committee and a member of the Remuneration Committee. Ms Goddard resigned from the Icon Water and subsidiary Boards and Committees on 31 October 2017.

Ms Goddard is an independent non-executive director who has served on the boards of several Commonwealth and ACT Government organisations.

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.

Company Secretary

Jane Breaden

MSc, MMgsST, BBus, GCProfWrtg, GCPerfAudt

Jane Breaden, General Manager Business Services, was appointed as company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in July 2016. Ms Breaden previously held the role of alternate company secretary from 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.

Alison Pratt

B.Ec, LLB (Hons), GDLP

Alison Pratt, Manager Legal and Secretariat, was appointed deputy company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in August 2016. Prior to joining Icon Water in 2013, Ms Pratt worked in private commercial legal practice in Australia and the United Kingdom. Ms Pratt's legal experience includes advising clients from both the private and public sectors on corporate governance, property, environment, construction and planning. Ms Pratt holds a Bachelor of Economics, a Bachelor of Laws and a Graduate Diploma in Legal Practice.

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
Wendy Caird, Chair	7	7
Carol Lilley	7	7
John Knox	7	7
Rachel Peck	6	7
Abigail Goldberg	7	7
Brett Tucker	7	7
Jennifer Goddard	1	1
Dr Thomas Parry	7	7
Dorte Ekelund	4	5

Principal activities and review of operations

Icon Retail holds a 50% interest in the ActewAGL Retail Partnership. Its operations and the expected results of those operations are dependent on that of the ActewAGL Retail Partnership. Icon Retail along with AGL ACT Retail Investments Pty Ltd hold two issued shares as joint tenants of ActewAGL Retail Investments Pty Ltd. ActewAGL Retail Investments Pty Ltd is a holding company for the investments of the ActewAGL Retail Partnership.

Significant changes in the state of affairs

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

Trading results and dividends

A dividend of \$26,653,037 (2017: \$15,504,104) has been declared by the directors to be paid, which is 100% of 30 June 2018 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 has various environmental reporting requirements and obligations in each state and territory that it holds 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 Icon Retail, 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.

No claim has been made against the officers and directors insurance policy during the 2017-18 financial year.

Indemnity of officers and directors

Icon Water has indemnified officers and directors of Icon Retail and its controlled entities against liabilities and legal costs arising in the course of their duties. This includes 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.

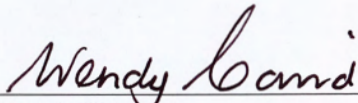
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

Rounding of amounts

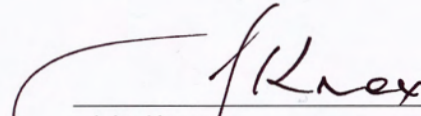
The Company is of a kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission (ASIC), relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded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



Wendy Caird
Chair

Canberra
4 September 2018



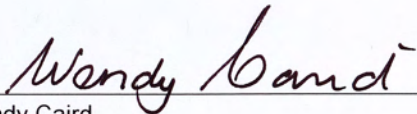
John Knox
Director

Canberra
4 September 2018

In the directors' opinion:

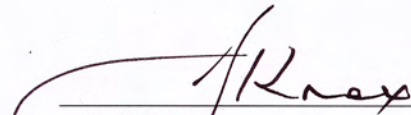
- (a) the financial statements, which include this directors' declaration and notes set out on pages 17 to 25, are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Icon Retail's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that Icon Retail will be able to pay its debts as and when they become due and payable (refer to Note 1a(v)).

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



Wendy Caird
Chair

Canberra
4 September 2018



John Knox
Director

Canberra
4 September 2018

INDEPENDENT AUDIT REPORT

ICON RETAIL INVESTMENTS LIMITED

To the Members of the ACT Legislative Assembly and Icon Retail Investments Limited

Audit opinion

I am providing an **unqualified audit opinion** on the financial report of Icon Retail Investments Limited (the Company) for the year ended 30 June 2018. The financial report comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes and directors' declaration.

In my opinion, the financial report:

- (i) is presented in accordance with the *Corporations Act 2001*, Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements and other mandatory financial reporting requirements in Australia; and
- (ii) presents fairly the financial position of the Company and results of its operations and cash flows.

Basis for the audit opinion

The audit was conducted in accordance with Australian Auditing Standards. I have complied with the requirements of the Accounting Professional and Ethical Standards 110 *Code of Ethics for Professional Accountants*.

I believe that sufficient evidence was obtained during the audit to provide a basis for the audit opinion.

Responsibility for preparing and fairly presenting the financial report

The directors of the Company are responsible for:

- preparing and fairly presenting the financial report in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements;
- determining the internal controls necessary for the preparation and fair presentation of the financial report so that it is free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Company to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial report.

Responsibility for the audit of the financial report

Under the *Corporations Act 2001*, the Auditor-General is responsible for issuing an audit report that includes an independent audit opinion on the financial report of the Company.

As required by Australian Auditing Standards, the auditors:

- applied professional judgement and maintained scepticism;
- identified and assessed the risks of material misstatements due to error or fraud and implemented procedures to address these risks so that sufficient evidence was obtained to form an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, intentional omissions or misrepresentations or the override of internal controls;
- obtained an understanding of internal controls to design audit procedures for forming an audit opinion;
- evaluated accounting policies and estimates used to prepare the financial report and disclosures made in the financial report;
- evaluated the overall presentation and content of the financial report, including whether they present the underlying transactions and events in a manner that achieves fair presentation;
- reported the scope and timing of the audit and any significant deficiencies in internal controls identified during the audit to the directors of the Company; and
- assessed the going concern* basis of accounting used in the preparation of the financial report.

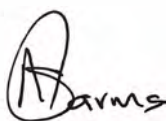
(*Where the auditor concludes that a material uncertainty exists which cast significant doubt on the appropriateness of using the going concern basis of accounting, the auditor is required to draw attention in the audit report to the relevant disclosures in the financial report or, if such disclosures are inadequate, the audit opinion is to be modified. The auditor's conclusions on the going concern basis of accounting are based on the audit evidence obtained up to the date of this audit report. However, further events or conditions may cause the entity to cease to continue as a going concern.)

Limitations on the scope of the audit

An audit provides a high level of assurance about whether the financial report is free from material misstatements, whether due to fraud or error. However, an audit cannot provide a guarantee that no material misstatements exist due to the use of selective testing, limitations of internal control, persuasive rather than conclusive nature of audit evidence and use of professional judgement in gathering and evaluating evidence.

An audit does not provide assurance on the:

- prudence of decisions made by the Company;
- adequacy of controls implemented by the Company; or
- integrity of the audited financial report presented electronically or information hyperlinked to or from the financial report. Assurance can only be provided for the printed copy of the audited financial report.



Ajay Sharma
Acting Auditor-General
5 September 2018

**Auditor's Independence Declaration
under Section 307C of the
*Corporations Act 2001***

To the Directors of Icon Retail Investments Limited

In relation to the audit of the financial report of Icon Retail Investments Limited for the year ended 30 June 2018, 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.



Ajay Sharma
Acting Auditor-General
5 September 2018

Icon Retail Investments Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Share of net profit of the joint venture partnership accounted for using the equity method	2	38,075	22,103
Other revenue from ActewAGL Retail Partnership	2	69	69
Operating profit		38,144	22,172
Other expenses arising from ordinary activities		(16)	(14)
Profit before income tax equivalents expense		38,128	22,158
Income tax equivalent expense	3a	(11,475)	(6,654)
Profit for the year		26,653	15,504
Profit is attributable to:			
Owners of Icon Retail Investments Limited		26,653	15,504
Total comprehensive income for the year		26,653	15,504

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 2018

	Note	2018 \$'000	2017 \$'000
ASSETS			
Non-current assets			
Receivables	5a	6,737	6,737
Investments accounted for using the equity method	5b	54,332	52,188
Deferred tax balances	6	2,754	3,822
Total non-current assets		<u>63,823</u>	<u>62,747</u>
Total assets		<u>63,823</u>	<u>62,747</u>
LIABILITIES			
Current liabilities			
Trade and other payables	5c	17	17
Dividends payable	4	26,653	15,504
Total current liabilities		<u>26,670</u>	<u>15,521</u>
Non-current liabilities			
Intercompany loan	5c	36,153	46,226
Total non-current liabilities		<u>36,153</u>	<u>46,226</u>
Total liabilities		<u>62,823</u>	<u>61,747</u>
Net assets		<u>1,000</u>	<u>1,000</u>
EQUITY			
Contributed equity	7	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 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Distributions received from the ActewAGL Retail Partnership		36,000	21,500
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(15)</u>	<u>(15)</u>
Net cash inflow from operating activities		<u>35,985</u>	<u>21,485</u>
Cash flows from financing activities			
Income tax equivalents paid by Icon Water		(10,408)	(5,763)
Payments of dividends to Icon Water	4	<u>(15,504)</u>	<u>(20,581)</u>
Net cash outflow from financing activities		<u>(25,912)</u>	<u>(26,344)</u>
Net increase / (decrease) in cash and cash equivalents		<u>10,073</u>	<u>(4,859)</u>
Parent company intercompany Icon Water account movements			
Balance at the beginning of the financial year		(46,226)	(41,367)
Balance at the end of the financial year	5c	<u>(36,153)</u>	<u>(46,226)</u>
Total movement		<u>10,073</u>	<u>(4,859)</u>

The parent company, Icon Water, handles the cash for Icon Retail which is offset by a loan account. All cash is handled through Icon Water and is reflected in the accounts of that company.

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

Icon Retail Investments Limited
Statement of changes in equity
For the year ended 30 June 2018

	Note	Capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2016		1,000	-	1,000
Profit for the year		-	15,504	15,504
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	4	-	(15,504)	(15,504)
Balance at 30 June 2017		<u>1,000</u>	<u>-</u>	<u>1,000</u>
Balance at 1 July 2017		1,000	-	1,000
Profit for the year		-	26,653	26,653
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	4	-	(26,653)	(26,653)
Balance at 30 June 2018		<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 provide guidance for 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 additional information that must be disclosed to comply with the Australian 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. Income tax equivalents expense
4. Dividends
5. Financial assets and liabilities
6. Deferred tax balances
7. Equity
8. Interests in joint ventures
9. Contingencies
10. Commitments for expenditure
11. Events occurring after the reporting period
12. 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 not elected to early adopt any new standards or amendments to standard interpretations in the current year.

(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 the current or 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 2018, current liabilities exceed current assets by \$26.7 million. This deficiency in current assets is managed by the Group's ability to generate profits, as evidenced by current and prior year results as well as generating positive cash inflow from operating activities. 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) 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

	2018 \$'000	2017 \$'000
Share of net profit of the ActewAGL Retail Partnership accounted for using the equity method	38,075	22,103
Other revenue from the ActewAGL Retail Partnership	69	69
	38,144	22,172

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 entity and specific criteria have been met.

3. 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

	2018 \$'000	2017 \$'000
Current tax		
Current tax equivalents expense recognised in the current year	10,904	7,042
Adjustment to prior year (i)	(496)	(1,278)
	10,408	5,764
Deferred tax		
Deferred tax equivalents expense recognised in the current year	546	(392)
Adjustments to prior year (i)	521	1,282
	1,067	890
Income tax equivalents expense	11,475	6,654

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

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

	2018 \$'000	2017 \$'000
Profit from continuing operations before income tax expense	38,128	22,158
Tax at the Australian tax rate of 30% (2016-17: 30%)	11,438	6,647
Other Items:		
- Other non-deductible expenses	8	29
- Share of ActewAGL Retail profits and partner share of profits	(21)	(21)
- Adjustments for income tax expense of prior periods	25	3
- Other	25	(4)
Income tax equivalents expense	11,475	6,654

3. Income tax equivalents expense (continued)

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/receivable on the current period's taxable income based on the applicable income tax rate 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 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 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.

4. Dividends

	2018 \$'000	2017 \$'000
Dividend payable at the beginning of the financial year	15,504	20,581
Amount appropriated from operating profit	<u>26,653</u>	<u>15,504</u>
	42,157	36,085
Amount paid during the year	<u>(15,504)</u>	<u>(20,581)</u>
Dividend payable at the end of the financial year	<u><u>26,653</u></u>	<u><u>15,504</u></u>

Accounting policy

Icon Retail pays 100% of its profits to Icon Water. A provision is made for this dividend at the end of the financial year.

5. Financial assets and liabilities

a) Receivables

	2018 \$'000	2017 \$'000
Non-current		
Receivables from Icon Water for tax losses	6,737	6,737
	6,737	6,737

b) Investments accounted for using the equity method

	2018 \$'000	2017 \$'000
Non-current assets		
Investments in the ActewAGL Retail Partnership and ActewAGL Retail Investments Pty Ltd	54,332	52,188
	54,332	52,188

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 Retail Investments 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 plant and equipment assets of the ActewAGL Retail Partnership is adjusted to fair value if considered material to align to Icon Water Group's accounting policy on infrastructure property, plant and equipment assets accounted for at fair value. This fair value adjustment was considered immaterial for 2017-18.

c) Trade and other payables

	2018			2017		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Trade payables	17	-	17	17	-	17
Intercompany loan	-	36,153	36,153	-	46,226	46,226
	17	36,153	36,170	17	46,226	46,243

Accounting policy

Trade payables

These amounts represent liabilities for goods and services provided to 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.

6. Deferred tax balances

	2018 \$'000	2017 \$'000
The balance comprises temporary differences attributable to:		
- Distributions from ActewAGL Retail Partnership	7,996	8,542
- Adjustment to prior year tax (i)	(5,242)	(4,720)
- Accrual	3	3
- Other	(3)	(3)
	2,754	3,822
Movements:		
Balance at the beginning of the year	3,822	4,712
Charged / (Credited):		
- to profit or loss	(1,068)	(890)
Balance at the end of the year	2,754	3,822

	Distributions from ActewAGL Retail Partnership \$'000	Adjustment to prior year deferred tax (i) \$'000	Accrual \$'000	Other \$'000	Total \$'000
At 1 July 2016	8,150	(3,438)	3	(3)	4,712
Charged / (Credited):					
- profit or loss	392	(1,282)	-	-	(890)
At 30 June 2017	8,542	(4,720)	3	(3)	3,822
At 1 July 2017	8,542	(4,720)	3	(3)	3,822
Charged / (Credited):					
- to profit or loss	(546)	(522)	-	-	(1,068)
At 30 June 2018	7,996	(5,242)	3	(3)	2,754

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

7. Equity

Contributed equity

	2018 Shares	2017 Shares	2018 \$'000	2017 \$'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.

8. 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:

	2018 \$'000	2017 \$'000
Lease commitments	4,786	5,211
Capital and other commitments	-	1,689
	<u>4,786</u>	<u>6,900</u>

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 2018.

Icon Retail Investments Limited holds shares in ActewAGL Retail Investments Pty Ltd along with AGL ACT Retail Investments as joint tenants.

b) Contingent liabilities

There are no contingent public liability insurance claims against the ActewAGL Retail Partnership at year end. Icon Retail's share of this contingent liability is nil at 30 June 2018 (30 June 2017: \$12,500).

9. Contingencies

No contingent liabilities are known to the directors at the date of this report (30 June 2017: nil).

10. Commitments for expenditure

At 30 June 2018, Icon Retail had not committed to any future capital expenditure (30 June 2017: nil).

11. Events occurring after the reporting period

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

12. 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:

Wendy Caird, Chair
Carol Lilley, Deputy Chair
John Knox, Managing Director
Rachel Peck, Director
Dr Thomas Parry AM, Director (appointed 10 July 2017)
Abigail Goldberg, Director (appointed 10 July 2017)
Brett Tucker, Director (appointed 10 July 2017)
Dorte Ekelund, Director (appointed 1 November 2017)
Jennifer Goddard, Director (appointed 10 July 2017 and resigned 31 October 2017)

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 at 30 June 2018 (30 June 2017: nil).

(ii) *Retirement benefits*

There were no retirement benefits paid to directors at 30 June 2018 (30 June 2017: nil).

(iii) *Loans to directors*

There were no loans to any directors at 30 June 2018 (30 June 2017: 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:

Wendy Caird, Chair
Carol Lilley, Deputy Chair
John Knox, Managing Director
Rachel Peck, Director
Dr Thomas Parry AM, Director (appointed 10 July 2017)
Abigail Goldberg, Director (appointed 10 July 2017)
Brett Tucker, Director (appointed 10 July 2017)
Dorte Ekelund, Director (appointed 1 November 2017)
Jennifer Goddard, Director (appointed 10 July 2017 and resigned 31 October 2017)

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

12. Related party transactions (continued)

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.

The following transaction occurred with related parties:

	2018	2017
	\$'000	\$'000
Revenue from the ActewAGL Retail Partnership	38,144	22,172
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:		
- Receivables from Icon Water	6,737	6,737
- Dividend payable to Icon Water	26,653	15,504
- Intercompany loan liability – Icon Water	36,153	46,226

ActewAGL Joint Venture
Summary financial report
for the year ended 30 June 2018

ActewAGL Joint Venture Summary financial report - 30 June 2018

Contents

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Statement of financial position	3
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Independent audit report to the Partners	7
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Introduction to the summary financial report

Profit

Profit for the year ended 30 June 2018 was \$186 million, compared to the prior year's profit of \$174 million.

Total revenue from continuing operations for the year ended 30 June 2018 was \$935 million compared to \$847 million in the prior year. The increase is primarily due to the increased energy sales revenue, solar and energy storage system installations; and an increase in gifted asset revenue in the energy networks business.

Total expenses from continuing operations for the year ended 30 June 2018 were \$749 million compared to \$673 million in the prior year. This is primarily attributable to the increase in cost of energy purchases driven by an increase in wholesale energy costs.

Cash flow

The Joint Venture generated \$212 million from its operating activities for the year ended 30 June 2018 compared to \$262 million in the prior year.

Net cash outflows used in investing activities were \$107 million for the current year, compared to \$102 million for the prior year. The increase in net cash outflows is mainly driven by adjusting working capital for the expected timing of next years operating expenditure and 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, \$133 million was distributed to ActewAGL's Partners; \$7 million higher than the \$126 million in the prior year due primarily to the increase in profit.

Financial position

At 30 June 2018, the Joint Venture had net assets of \$1,439 million compared to \$1,387 million in the prior year. The increase is mainly due to an increase in the capital investment in the energy network and retail businesses. Cash available at 30 June 2018 was \$41 million, \$30 million lower than the prior year primarily due to the timing of working capital requirements including payments for energy purchases, network distribution costs and the capital works program. Current assets were \$290 million compared to \$300 million in the prior year. Current liabilities were \$214 million compared to \$224 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 \$1,268 million, compared to \$1,215 million in the prior year, 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 13% the same as 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 2018

	30 June 2018 \$'000	30 June 2017 \$'000
Revenue from continuing operations	934,586	847,185
Total income	934,586	847,185
Energy purchases and network distribution costs	(502,132)	(445,653)
Employment costs	(91,408)	(85,825)
Depreciation and amortisation expense	(66,231)	(57,447)
Contract expenses	(24,464)	(27,220)
Selling expenses	(14,990)	(12,100)
Project related expenses	(15,904)	(13,921)
Lease expenses	(5,065)	(4,946)
Material costs	(1,934)	(2,145)
Finance costs	(2,671)	(2,467)
Other expenses	(24,221)	(21,015)
Total expenses	(749,020)	(672,739)
Share of net profit of joint ventures accounted for using the equity method	221	-
Profit for the year	185,787	174,446
Other comprehensive income for the year	-	-
Total comprehensive income for the year	185,787	174,446
Profit for the year is attributable to:		
Partners of the ActewAGL Joint Venture	185,787	174,446
	185,787	174,446
Total comprehensive income for the year is attributable to:		
Partners of the ActewAGL Joint Venture	185,787	174,446
	185,787	174,446

**ActewAGL Joint Venture
Statement of financial position
As at 30 June 2018**

	30 June 2018 \$'000	30 June 2017 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	40,852	71,073
Trade and other receivables	230,446	210,468
Inventories	9,962	9,659
Other current assets	8,354	8,936
Total current assets	289,614	300,136
Non-current assets		
Investments accounted for using the equity method	1,959	-
Receivables	1,639	1,151
Plant and equipment	1,268,108	1,214,529
Intangible assets	116,611	119,617
Total non-current assets	1,388,317	1,335,297
Total assets	1,677,931	1,635,433
LIABILITIES		
Current liabilities		
Trade and other payables	140,671	164,638
Provisions	23,881	21,538
Other current liabilities	49,521	38,075
Total current liabilities	214,073	224,251
Non-current liabilities		
Provisions	7,449	6,120
Other non-current liabilities	16,921	18,361
Total non-current liabilities	24,370	24,481
Total liabilities	238,443	248,732
Net assets	1,439,488	1,386,701
JOINT VENTURE FUNDS		
Joint Venture funds	1,439,488	1,386,701
Total Joint Venture funds	1,439,488	1,386,701

ActewAGL Joint Venture
Statement of changes in Joint Venture funds
For the year ended 30 June 2018

	Total Joint Venture funds \$'000
Balance at 1 July 2016	<u>1,338,255</u>
Profit for the year	174,446
Other comprehensive income for the year	<u>-</u>
Total comprehensive income for the year	174,446
Transactions with Partners in their capacity as Partners:	
Distributions paid	<u>(126,000)</u>
Balance at 30 June 2017	<u>1,386,701</u>
	Total Joint Venture funds \$'000
Balance at 1 July 2017	<u>1,386,701</u>
Profit for the year	185,787
Other comprehensive income for the year	<u>-</u>
Total comprehensive income for the year	<u>185,787</u>
Transactions with Partners in their capacity as Partners:	
Distributions paid	<u>(133,000)</u>
Balance at 30 June 2018	<u>1,439,488</u>

ActewAGL Joint Venture
Statement of cash flows
For the year ended 30 June 2018

	30 June 2018 \$'000	30 June 2017 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,024,009	895,075
Payments to suppliers and employees (inclusive of GST)	(813,465)	(635,695)
	210,544	259,380
Interest received	2,081	2,912
Interest and other costs of finance paid	(549)	(608)
Net cash flow generated by operating activities	212,076	261,684
Cash flows from investing activities		
Payments for plant and equipment	(85,122)	(84,566)
Payments for intangible assets	(20,444)	(30,724)
Proceeds from sale of plant and equipment	1,172	217
Redemption of term deposits	-	13,000
Payment for investments accounted for using the equity method	(1,738)	-
Loans to related parties	(500)	-
Net cash used in investing activities	(106,632)	(102,073)
Cash flows from financing activities		
Distributions paid to Partners	(133,000)	(126,000)
Finance lease payments	(2,665)	(2,772)
Net cash used in financing activities	(135,665)	(128,772)
Net (decrease) / increase in cash and cash equivalents	(30,221)	30,839
Cash and cash equivalents at the beginning of the year	71,073	40,234
Cash and cash equivalents at the end of the year	40,852	71,073

**ActewAGL Joint Venture
Joint Venture Board's declaration
For the year ended 30 June 2018**

The ActewAGL Joint Venture is not a reporting entity because, in the opinion of the Board Members, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Board's reporting requirements under the *ACTEW/AGL Partnership Facilitation Act 2000*.

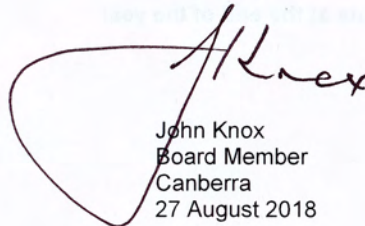
In the Boards Members' opinion:

- (a) the financial statements 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 2018 and of its performance, as represented by the results of its operations and cash flows, 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.



Paul Adams
Chairman
Canberra
27 August 2018



John Knox
Board Member
Canberra
27 August 2018

INDEPENDENT AUDIT REPORT

ActewAGL Joint Venture

To the Partners of the ActewAGL Joint Venture

Audit opinion on the summary financial report

I am providing an **unqualified audit opinion** on the summary financial report (financial report) of the ActewAGL Joint Venture (the Joint Venture) for the year ended 30 June 2018. 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, accompanying notes and the Joint Venture Board's (the Board's) declaration. The financial report has been derived from the audited special purpose financial report of the Joint Venture for the year ended 30 June 2018.

On 29 August 2018, I issued an unmodified audit report on the special purpose financial report of the Joint Venture for the year ended 30 June 2018.

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 Joint Venture.

In my opinion, the financial report, derived from the audited special purpose financial report of the Joint Venture for the year ended 30 June 2018, is materially consistent with the special purpose financial report.

Basis for the audit opinion

The audit was conducted in accordance with Australian Auditing Standards. I have complied with the requirements of the Accounting Professional and Ethical Standards 110 *Code of Ethics for Professional Accountants*.

I believe that sufficient evidence was obtained during the audit to provide a basis for the audit opinion.

Responsibility for preparing and fairly presenting the financial report

The Board is responsible for the preparation of the financial report.

Responsibility for the audit of the financial report

The Auditor-General is responsible for issuing an audit report that includes an independent 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'.

Limitations on the scope of the audit

An audit provides a high level of assurance about whether the financial report is free from material misstatements, whether due to fraud or error. However, an audit cannot provide a guarantee that no material misstatements exist due to the use of selective testing, limitations of internal control, persuasive rather than conclusive nature of audit evidence and use of professional judgement in gathering and evaluating evidence.

An audit does not provide assurance on the:

- prudence of decisions made by the Joint Venture;
- adequacy of controls implemented by the Joint Venture; or
- integrity of the audited financial report presented electronically or information hyperlinked to or from the financial report. Assurance can only be provided for the printed copy of the audited financial report.

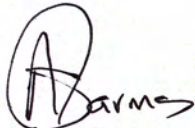
A handwritten signature in black ink, appearing to read 'Ajay Sharma', with a stylized flourish at the end.

Ajay Sharma
Acting Auditor-General
29 August 2018

Auditor's Independence Declaration

To the Directors of ActewAGL Joint Venture

In relation to the audit of the summary financial report of the ActewAGL Joint Venture for the year ended 30 June 2018, 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.



Ajay Sharma
Acting Auditor-General
29 August 2018



Section 5

Appendices

Compliance statement

The Icon Water Annual Report must comply with the Annual Report Directions (the Directions). The Directions are found at the ACT Legislation Register: www.legislation.act.gov.au. 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 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 provided on the following 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 2017–18 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 Directions are not applicable to Icon Water and are disclosed in the Omissions Report:

- Part E. Chief Minister, Treasury and Economic Development
- Part F. Education and Training
- Part G. Health
- Part H. Gambling and Racing
- Part I. Ministerial and Director-General Directions
- Part J. Public Land Management Plans
- Part K. Third Party Insurance
- Part L. Victims of Crime
- Part M. 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 provided in this report on the following page.

Omissions report

As a public unlisted company Icon Water is not required to comply with a number of ACT Government reporting requirements which are applicable to public sector entities. These are outlined below.

Reporting Requirement	Reason/s for Omissions
B.8 Human/resource management	Government policy – not applicable to Icon Water. However, details of Icon Water’s people and diversity strategy and staffing profile are detailed in Section 1 - Organisation
C.3 Capital works	Government policy – not applicable to Icon Water. However, details of Icon Water’s major capital works in 2017–18 are detailed in Section 2 - Performance
C.4 Asset management	Government policy – not applicable to Icon Water. However, details of Icon Water’s Asset Management Strategy are detailed in Section 2 - Performance
C.5 Government contracting	Government policy – not applicable to Icon Water
C.6 Statement of performance	Icon Water’s performance against its Statement of Corporate Intent 2017–18 is detailed in Section 2 - Performance; and audited financial statements are provided at Section 4 Financial management analysis.
D.1 Dangerous substances	Icon Water’s advice that it has nil information to report is detailed in the Compliance statement.
D.2 Medicines, poisons and therapeutic goods	Icon Water’s advice that it has nil information to report is detailed in the Compliance statement.
E. Chief Minister, treasury and economic development	Not applicable to Icon Water
F. Education and training	Not applicable to Icon Water
G. Health	Not applicable to Icon Water
H. Gambling and racing	Not applicable to Icon Water
I. Ministerial and Director-General directions	Not applicable to Icon Water
J. Public land management plans	Not applicable to Icon Water
K. Third party insurance	Not applicable to Icon Water
L. Victims of crime	Not applicable to Icon Water
M. Waste minimisation contraventions	Not applicable to Icon Water

Glossary of acronyms

ACAT	ACT Civil and Administrative Tribunal
AMS	Asset Management System
ARC	Australian Research Council
AWA	Australian Water Association
BOP	Bushfire Operational Plan
CSP	Community Support Program
EMP	Environmental Management Plan
EMS	Environmental Management System
EPA	Environment Protection Authority
FOI	Freedom of Information
FTE	Full Time Equivalent
GMP	Goods Manufacturing Process
GL	Gigalitres
HACCP	Hazard Analysis and Critical Control Point
ICRC	Independent Competition and Regulatory Commission
ICT	Information and communication technology
IDIL	Icon Distribution Investments Limited
ISG	Infrastructure Services Group
IMS	Integrated Management System
IRIL	Icon Retail Investments Limited
kL	Kilolitre
KMP	Key Management Personnel
LMWQCC	Lower Molonglo Water Quality Control Centre
M2G	Murrumbidgee to Googong
ML	Megalitres
MLA	Member Legislative Assembly
MVIS	Molonglo Valley Inceptor Sewer
PID	Public Interest Disclosure
PV	Photovoltaic
SEMSOG	Security and Emergency Management Senior Officers Group
SEMPG	Security and Emergency Management Planning Group
STEM	Science, technology, engineering, mathematics
TOC	Territory-owned Corporation
TRO	Territory Records Office
WaterRA	Water Research Australia
WERF	Water Environment Research Foundation
WSAA	Water Services Association of Australia
WTP	Water Treatment Plant

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