

2018 – 19
**ANNUAL
REPORT**
to the ACT Government



ACT
Government

icon

WATER



20 September 2019

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) 2018–19 Annual Report.

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

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

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 2018 to 30 June 2019 and all material information has been included.

Yours sincerely

A handwritten signature in black ink that reads "Wendy Caird".

WENDY CAIRD

Chair
Icon Water

A handwritten signature in black ink that reads "Ray Hezkial".

RAY HEZKIAL

Managing Director
Icon Water



CONTENTS

| | | | |
|--|-----------|--|------------|
| Transmittal letter | 1 | 4. Performance | 67 |
| Message from the Chair and Managing Director | 4 | Key performance outcomes | 68 |
| 1. Organisation | 5 | Sustainable development performance reporting | 70 |
| About us | 6 | 5. Accountability | 73 |
| Our network | 8 | Internal audit | 74 |
| Our assets | 9 | Risk management | 75 |
| Energy investment | 10 | Territory records management | 75 |
| Business strategy | 12 | Bushfire risk management | 77 |
| The Board | 14 | Emergency and continuity management | 78 |
| The Executive leadership team | 20 | Fraud prevention | 78 |
| Board and executive remuneration | 26 | Freedom of information | 79 |
| Organisational structure | 28 | Human Rights Act | 80 |
| Staffing | 29 | Legal services direction | 80 |
| Staffing profile | 30 | Public interest disclosure | 80 |
| Work health and safety | 34 | Legislative Assembly Committee inquiries and reports | 81 |
| 2. Partnering with the community | 37 | Auditor-General and Ombudsman reports | 81 |
| Community support program | 38 | 6. Financial reports | 83 |
| Community engagement | 42 | Financial management analysis | 84 |
| Customer experience | 45 | Icon Water Limited and controlled entities | 90 |
| Research, development and innovation | 46 | Icon Distribution Investments Limited | 155 |
| Aboriginal and Torres Strait Islander community engagement | 49 | Icon Retail Investments Limited | 183 |
| 3. Year in review | 51 | ActewAGL Joint Venture | 211 |
| Sewerage operations | 52 | 7. Appendices | 221 |
| Water quality | 54 | Compliance statement | 222 |
| Water operations and water security | 55 | Omissions report | 223 |
| Asset management | 57 | Glossary of acronyms | 224 |
| Economic regulation | 58 | Alphabetical index | 225 |
| Information and communications technology | 58 | | |
| Capital works | 60 | | |
| Ecologically sustainable development | 64 | | |

MESSAGE FROM THE CHAIR AND MANAGING DIRECTOR

We are pleased to present Icon Water Limited's Annual Report 2018–19 to the ACT Government and the community.



WENDY CAIRD

Chair
Icon Water



RAY HEZKIAL

Managing Director
Icon Water

Our vision is to be a **valued partner in our community**. This vision drives what we do every day, across all aspects of our business, and articulates our ongoing commitment to work in partnership with the community. We have incorporated a new section in this year's Annual Report 'Partnering with the Community', to showcase some of our community engagement, education and working partnerships. These demonstrate how we are living our commitment to be a valued partner in our community. The other sections of our report provide our stakeholders – including government, industry, business, community and customers – with detail on our performance over 2018–19.

In 2018–19 we achieved strong financial results for the year with net profit of \$87.1m, \$10.3m above budget. Dividends paid to our shareholders totalled \$71.3m as well as income tax equivalent payments totalling \$37.2m. Our energy investment outperformed budget in 2018–19 and has made a significant contribution to our overall result.

Over the reporting year we were also able to deliver \$108.9m of capital expenditure. This investment in our infrastructure directly supports our delivery of high quality drinking water and environmentally sustainable and affordable water and sewerage services to the growing population of Canberra.

The Canberra region, like the majority of Australia, continued to experience significant dry weather conditions over 2018–19 and forecasts indicate this is likely to continue in the next financial year. These climatic conditions impact on our water storage levels, water supply options and the condition of some of our infrastructure.

Climatic conditions have approached the point of exceeding the severity of the Millennium drought. This has resulted in a material reduction of inflows into our storage dams and balancing and active management of our water storages have been a priority. While our investment in Water Security Projects such as the enlargement of the Cotter Dam have staved off a need for restrictions, efforts to reinvigorate and stress the importance of adherence to Permanent Water Conservation Measures has commenced. While our investment in water security projects such as the enlargement of the Cotter Dam have staved off a need for restrictions, efforts to reinvigorate and stress the importance of adherence to Permanent Water Conservation Measures have commenced.

We have a unique responsibility to manage our precious water resources, for now and generations to come. This in turn provides a unique opportunity to drive positive change in our community. To this end, we will continue to promote Canberra's Permanent Water Conservation Measures, which provide the community with a set of common sense rules around water use in the home, garden and work.

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

Finally, the Board and executive would like to acknowledge the efforts of all Icon Water staff and their ongoing commitment to our core values of **safety, openness** and **excellence**. Our people are the backbone of our business and without them we would not be able to provide essential water and sewerage services to support our customers in the community.

An aerial photograph of a city, likely Brisbane, Australia, showing a dense residential area with many houses and a large green-roofed circular structure in the foreground. The city is surrounded by hills and mountains under a clear blue sky. A large white circle is superimposed over the center of the image, containing the word "ORGANISATION" in black capital letters.

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.

We are the ACT's supplier of essential water and sewerage services - proudly serving the community for over 100 years. Our services are an integral part of maintaining public health.

Our assets are valued at around \$2.5 billion and include the region's network of dams, water treatment plants, sewage treatment plants, reservoirs, water and sewerage pumping stations, pipes and other related infrastructure. We also manage an investment, valued at around \$1 billion, in the ActewAGL Joint Venture Partnership, which operates in the energy sector.

Our long-term water security allows us to support the growing capital region, and we continue to supply high quality bulk water to the Queanbeyan community. We are committed to providing a safe, secure and sustainable water supply for the people of the ACT and region, for generations to come.

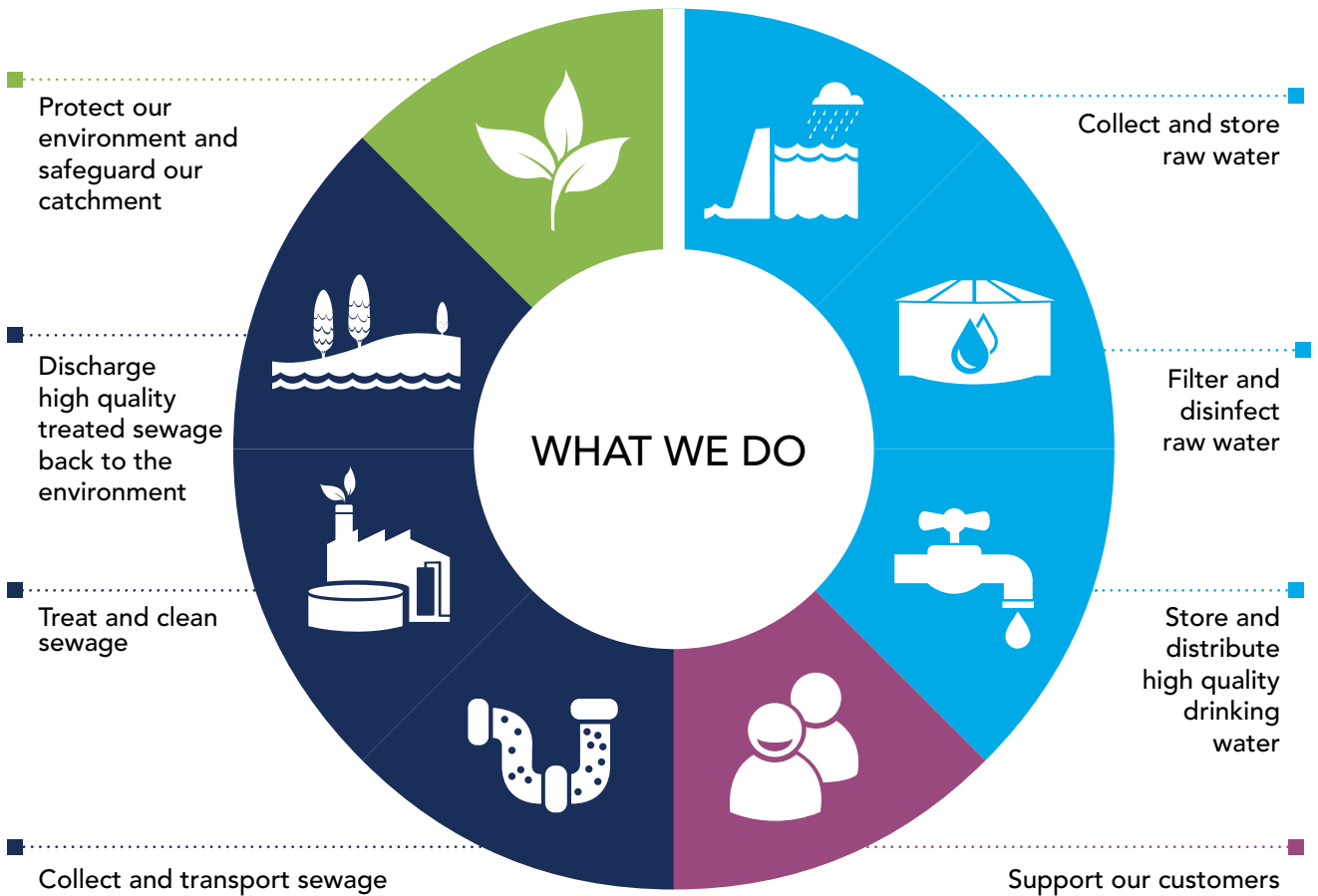
Importantly, we respect our role to protect the environment. We operate Australia's largest inland sewerage treatment plant, which returns around 80 per cent of the water Canberra uses to the Murrumbidgee River system as high quality environmental flows.

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

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

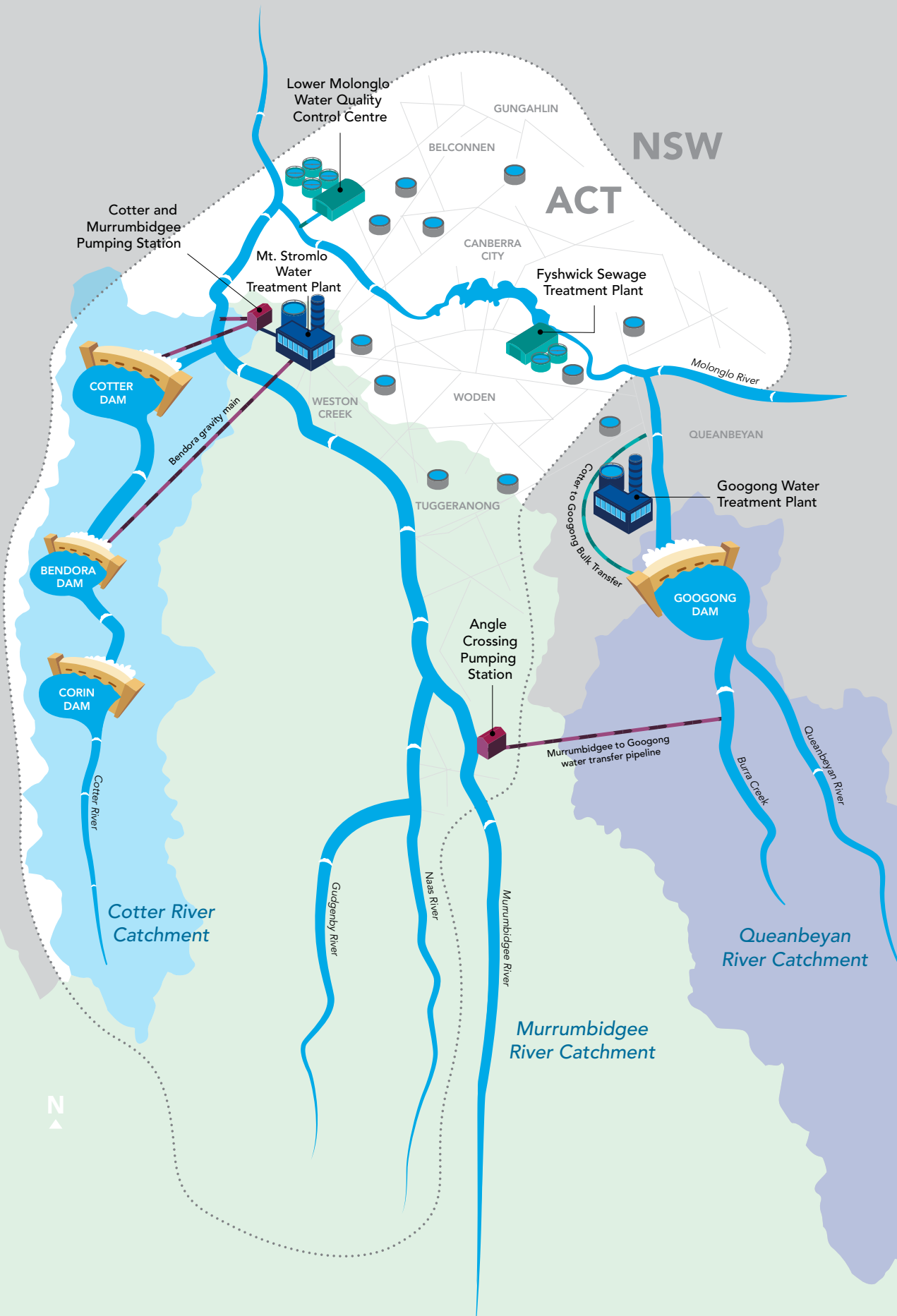
- to operate at least as efficiently as any comparable business
- to maximise the sustainable return to the Territory on its investment in Icon Water and ActewAGL in accordance with the performance targets in the Business Strategy (Statement of Corporate Intent)
- to show a sense of social responsibility 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.



OUR NETWORK

(WATER & SEWERAGE)



OUR ASSETS

\$2.5 billion

of water and sewerage related assets



278 GL

Combined dam capacity



3,310km

Network of water pipes



24

Water pumping stations



2

Water treatment plants



48

Reservoirs



3,300km

Network of sewer pipes



27

Sewage pumping stations



6

Sewage treatment plants

ENERGY INVESTMENT

Icon Water is unique in the utility industry as we provide water and sewerage services as well as managing an investment in the energy sector.

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 participating in both partnerships through its two subsidiary companies: Icon Retail Investments Limited and Icon Distribution Investments Limited. The eight Directors of Icon Water Board sit on these subsidiary Boards.

ActewAGL Distribution, operating under the brand 'Evoenergy', owns and operates the electricity network in the ACT, Queanbeyan region and Shoalhaven, New South Wales. It is a partnership between 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. It is a partnership between AGL Energy Limited and Icon Water via subsidiary companies.

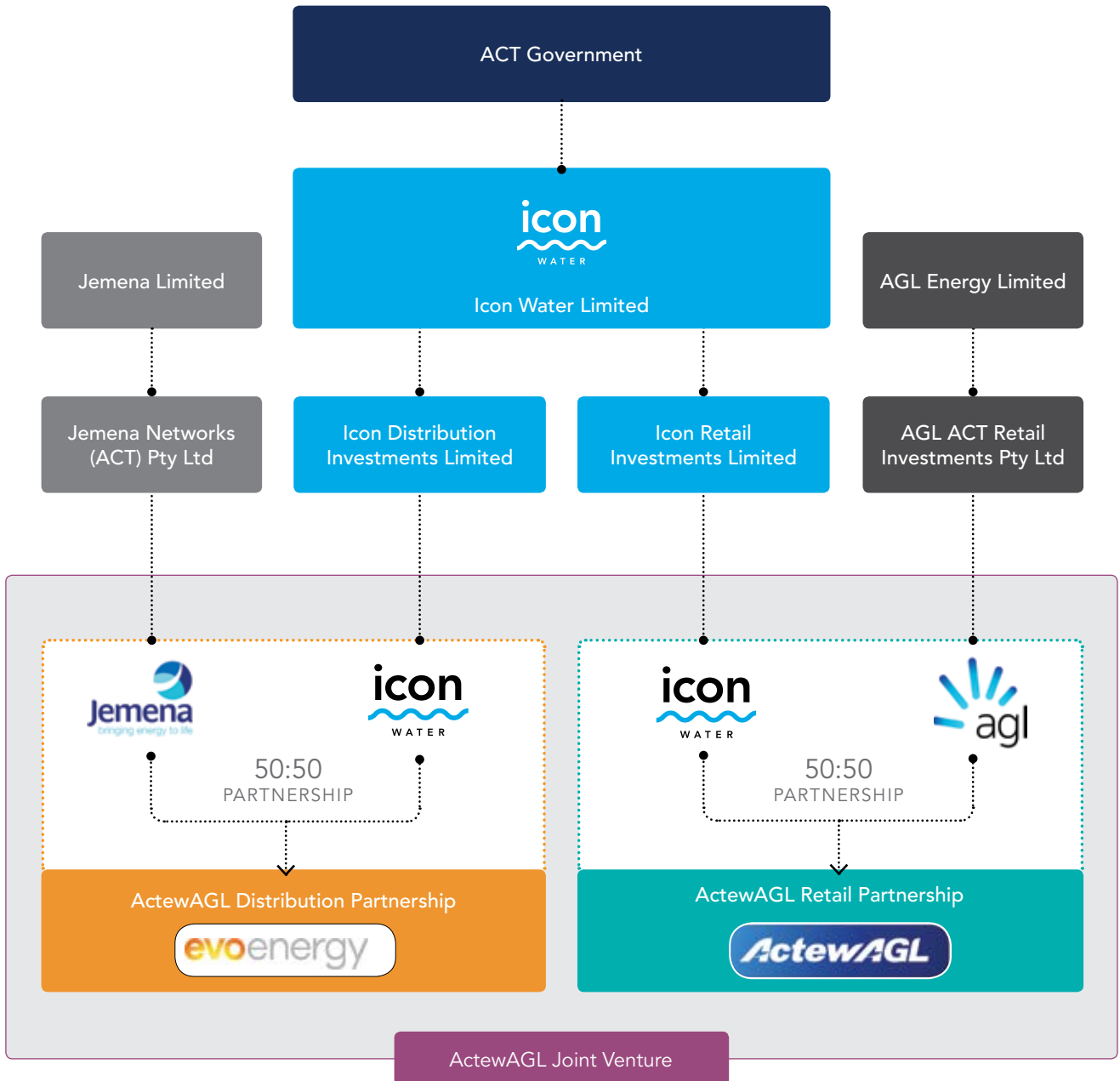
The Joint Venture Partnerships Board is comprised of six members: three appointed by AGL/Jemena and three appointed by Icon Water.

As at 30 June 2019, members of the ActewAGL Joint Venture Partnerships Board were:

- Dr Thomas Parry, Icon Water (Chair from 20 December 2018)
- Ms Wendy Caird, Icon Water
- Mr Ray Hezkial, Icon Water (Member from 15 April 2019)
- Mr Damien Nicks, AGL (Deputy Chair from 20 December 2018)
- Mr Frank Tudor, Jemena (Member from 20 December 2018)
- Mr Sun Peng, Jemena

Details of ActewAGL's financial performance for 2018–19 can be found in the Financial Reports section. More information on ActewAGL can be found at actewagl.com.au

Figure 1 The joint venture structure and energy investment brands



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) and corporate services. 3) Icon Retail Investments Limited and AGL ACT Retail Investments Pty Ltd are equal partners in the ActewAGL Retail Partnership (AAR).

BUSINESS STRATEGY

Our Business Strategy 2018–19 to 2021–22 outlines how we will achieve our objectives and realise our vision.

Our core purpose




To sustain and enhance quality of life

Our vision

A valued partner in our community

Our key objectives for 2018–19

Our work continued to be guided by three business objectives, to:

| | | |
|---|---|--|
| <p>Build a safe, innovative and inclusive workplace</p>  | <p>Deliver sustainable value for our community and shareholders</p>  | <p>Enhance the customer experience</p>  |
|---|---|--|

Our core values



Safety

Accepting personal responsibility to ensure a safe workplace and contribute to a safe community.



Openness

Building strong relationships by acting with integrity and being receptive to the views of others.



Excellence

Involving the right people at the right time to get a result we can be proud of.

The achievement of these objectives was 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 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 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 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 applications and infrastructure. |
| Financial | To ensure 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. This strategy will deliver a process for building trust and open communications so that we can continue to drive prudent and efficient decision-making to maintain sustainable pricing while ensuring our service standards meet community expectations. |

THE BOARD

We are proud that our Board and Executive reflect our organisation's commitment to gender diversity. As at 30 June 2019, five of the eight Board members are female, as are four of our seven executives.

A number of statutes and the constitution of Icon Water Limited govern the activities of the company. At 30 June 2019, the Icon Water Board comprised eight Directors: seven Non-Executive Directors and the Managing Director. The Voting Shareholders determine the terms of appointment and remuneration of the non-Executive Directors. Procedures for the appointment of Directors are outlined in the *Territory-owned Corporations Act 1990* and the company's constitution.

The Board met seven times during the financial year, including the Annual General Meeting. Details of attendance at Board and Committee meetings are on page 95 in the Financial Reports.

There are two committees of the Icon Water Board: the Risk and Assurance Committee and the Remuneration Committee. At 30 June 2019 the Risk and Assurance Committee consisted of four Directors and met five times during the financial year. The Remuneration Committee consisted of all Directors and met three times.

At 30 June 2019 all eight Directors sat on the subsidiary 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 provided within the Financial Reports.



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, CIA, CGAP, FCA, GAICD

Carol Lilley was first 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 Distribution Investments Limited and Icon Retail Investments Limited in March 2017. Ms Lilley's appointment term was extended in November 2018 due to her specialist financial expertise and extensive knowledge of Icon Water's business. Ms Lilley was appointed as a Member of the ActewAGL Partnerships Board in October 2018 and resigned in April 2019.

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 for nearly 20 years. Her experience is in financial statement audit, internal audit and project and risk management, with a particular focus on government.

Ms Lilley is currently Chair or Member of several ACT Government Directorate Audit Committees (Chief Minister, Treasury and Economic Development; Education; Environment, Planning and Sustainable Development; Transport Canberra and City Services). She also has various governance roles for Commonwealth Government entities (including as a Member of the Audit Committees for the Department of Human Services and the Department of Home Affairs amongst others, and as an independent board Member for the Australian Financial Security Authority).

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.



RAY HEZKIAL

Managing Director
BEng (Civil), DipPM, MBA

Ray Hezkial was appointed as a Member of the Boards of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in November 2018. Mr Hezkial is a Member of the Icon Water Remuneration Committee, and since April 2019 is a Member of the ActewAGL Partnerships Board.

Mr Hezkial joined Icon Water in 2003 and commenced as acting Chief Executive Officer in October 2018 and was appointed as Managing Director in November 2018. His role as Managing Director was confirmed in April 2019 after an open recruitment process.

In his previous role as General Manager, Infrastructure Services, Mr Hezkial was responsible for managing Icon Water's capital works program, provision of network operations and all aspects of day to day maintenance relating to the ACT's water and sewer reticulation systems. Prior to this, Mr Hezkial was the Project Manager for the Enlarged Cotter Dam.

Mr Hezkial has a Master of Business Administration, Diploma in Project Management, and Bachelor of Engineering (Civil).



JOHN KNOX

Managing Director
(resigned 11 November 2018)
BFA, FCPA, MAICD

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

Mr Knox was 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 Partnerships Board.

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

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

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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Board.

Ms Peck is Principal of peckvonhartel architects, an Advisory Board Member of the Australian Futures Project and Member of the Melbourne Development Committee for the Australian Chamber Orchestra. 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. She is a Fellow of the Australian Institute of Company Directors.



RACHEL PECK

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

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015 and is a Member of the Icon Water Board's Remuneration Committee. In March 2017 Dr Parry was appointed as Deputy Chair of the ActewAGL Partnerships Board, then as Chair from 19 December 2018. He is a Director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited 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).

From 2004-2009 he had several roles with Macquarie Bank and for the previous 12 years he was the Foundation Executive Chair of the Independent Pricing and Regulatory Tribunal of NSW (IPART), and its predecessor for the Government Pricing Tribunal - the first utility regulator in Australia. Dr Parry was

a Director of ASX-Compliance (the regulatory arm of the Australian Securities Exchange) from 2007-2017. 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.



DR THOMAS PARRY

Director
BEc (Hons), MEd, PhD



ABIGAIL GOLDBERG

Director
BSc (TRP hon), MURbDes,
MBA (Executive), FPIA, 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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Limited Board.

Ms Goldberg is a Non-Executive Director of Reflections Holiday Parks (previously Crown Lands Holiday Park Trust, NSW) and Frontier SI (Digitisation and Spatial Mapping, Vic). She is also the Chair of the Audit and Risk Committee for both businesses.

In 2018 Ms Goldberg completed the full term as a Commissioner at the NSW Independent Planning Commission, the decision-making body responsible for major and state significant projects in NSW. She now Chairs the Independent Hearing Assessment Panels for both the City of Ryde and Willoughby Council and is an alternate Chair for the panel for the City of Sydney. She is also

an alternate Member for the NSW Joint Regional Planning Panels. In addition Ms Goldberg is a Gateway Reviewer for the NSW Treasury and Infrastructure NSW.

Ms Goldberg is Executive Chair of GoldbergBlaise, a boutique consultancy providing advice to the infrastructure, planning, housing, tourism and transport sectors, and an Associate of the Institute for Public Policy and Governance, University of Technology, Sydney. She has held a number of executive positions, including Chief Executive Officer, 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 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, GC Accounting and
Finance, MAICD, Churchill
Fellow

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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Limited Board.

Mr Tucker has more than 27 years of professional experience, including Non-Executive Director, Managing Director and Chief Executive roles in public and private sector water and energy utilities.

Mr Tucker currently owns and operates Blackwatch Consulting, a business providing high level strategy, governance and technical

advice to government and private sector corporations, industry groups and project teams. He is also 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. Brett was awarded a Churchill Fellowship in 1998 and is a Member of the Australian Institute of Company Directors.

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 as well as a Director of the 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, a director on the Board of the Committee for Sydney, and a 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 landuse 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 COAG Energy Senior Officials and oversight of significant policy initiatives and investment in renewables. Ms Ekelund has also been the ACT member of the Murray-Darling Basin Officials Group.

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



DORTE EKELUND

Director
BUrbPI (Hons), MBA, FPIA,
MAICD

Company Secretary

JANE BREADEN

BBus, MSc, MMGsST,
GCPProfWrtg, GCPPerfAudt

From March 2019, Ms Breaden has acted as the alternate company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited. Prior to this, she acted as company secretary of all three entities from July 2016.

ALISON PRATT

B.Ec, LLB (Hons), GDLP, MAICD

Alison Pratt, General Counsel, was appointed as the company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in March 2019, and held the position of alternate company secretary prior to this.

THE EXECUTIVE
LEADERSHIP TEAM



RAY HEZKIAL

Managing Director
BEng (Civil), DipPM, MBA

Ray Hezkial was appointed as a Member of the Boards of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in November 2018. Mr Hezkial is a Member of the Icon Water Remuneration Committee, and since April 2019 is a Member of the ActewAGL Partnerships Board.

Mr Hezkial joined Icon Water in 2003 and commenced as acting Chief Executive Officer in October 2018 and was appointed as Managing Director in November 2018. His role as Managing Director was confirmed in April 2019 after an open recruitment process.

In his previous role as General Manager, Infrastructure Services, Mr Hezkial was responsible for managing Icon Water's capital works program, provision of network operations and all aspects of day to day maintenance relating to the ACT's water and sewer reticulation systems. Prior to this, Mr Hezkial was the Project Manager for the Enlarged Cotter Dam.

Mr Hezkial has a Master of Business Administration, Diploma in Project Management, and Bachelor of Engineering (Civil).



JOHN KNOX

Managing Director (to 11 November 2018)
BFA, FCPA, MAICD

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

Mr Knox was 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 Partnerships Board.

Mr Knox commenced as the Managing Director of Icon Water in 2014 and prior to that held the position of Chief Financial 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 (to 28 January 2019)
MAppFin, FCPA, GAICD

Sam Sachse was responsible for the overall financial management and advisory services of Icon Water and its investment in ActewAGL.

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.



JOY YAU

Chief Financial Officer (acting from 2 January 2019, appointed on 1 April 2019)
BA (Hons), CA

Joy Yau is responsible for the overall financial management and advisory services of Icon Water and its investment in ActewAGL. Ms Yau joined Icon Water in 2014 and has over 16 years of professional experience including extensive commercial and strategic financial management roles across the utility, retail and hospitality sectors in Australia and the United Kingdom.

Ms Yau holds a Bachelor of Arts with Honours in Accounting and Management Control, is a Fellow of the Institute of Chartered Accountants in England and Wales and is a member of Chartered Accountants Australia and New Zealand.

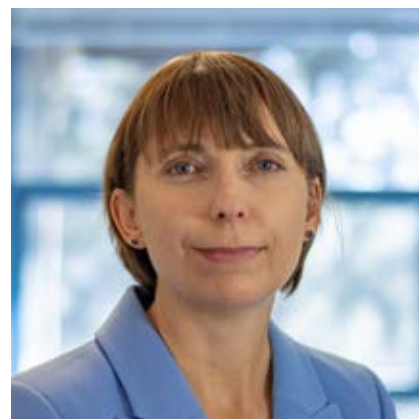
JANE BREADEN

General Manager Business Services
BBus, MSc, MMgsST, GCProfWrtg, GCPerfAudt

Jane Breaden, General Manager Business Services, joined Icon Water in 2014 and has 20 years' experience in project management, consulting and governance services in both the public and private sectors.

From March 2019, Ms Breaden has acted as the alternate company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited. Prior to this, she acted as company secretary of all three entities from July 2016.

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 (to 21 December 2019)
BSc, BEng, GDAppFin

Richard Spurrett joined Icon Water in 2015 and was 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.





MURRAY HEKE

Chief Information Officer (from 30 April 2019)

Prior to joining Icon Water as the Chief Information Officer (CIO) in April 2019, Murray Heke was the CIO for Seqwater in Queensland for four and a half years where he was responsible for defining and delivering the digital transformation program. He has over 30 years' experience in designing and deploying technology solutions in multiple industries including banking, insurance, telecommunications and local government.

Mr Heke has a focus on ensuring value is delivered from investment in technology, through improving operational efficiency, effectiveness and customer service. Mr Heke has extensive experience in strategic planning, business architecture, strategic program delivery, implementing process management and ICT operations.



DAVINA MCCORMICK

General Manager Customer Engagement (from 25 June 2018)
BBus, MBA

Davina McCormick joined Icon Water as General Manager, Customer Engagement in June 2018 and is responsible for leading Icon Water to a more customer focused business model and operating culture. This includes defining, implementing and managing customer engagement strategies across the business.

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 degree in marketing and an MBA from Queensland University of Technology.

GERARD BRIERLEY

Acting General Manager Infrastructure Services (from 1 January 2019)
BE (Civil), GradCert (Economics)

Gerard Brierley commenced as Acting General Manager Infrastructure Services in 2019. Mr Brierley has held various roles at Icon Water including Program Manager for the Icon Water Alliance (for capital works delivery) in 2012, Manager Program Management Office in 2015 and Manager Project Delivery in 2018.

Prior to his recent return to Icon Water, Mr Brierley was the Program Manager for Downer Utilities where he was

responsible for the establishment of a new program to deliver \$400 million of water and sewer infrastructure in the South Logan region of Queensland. Mr Brierley has varied skills and experience in stakeholder engagement, program management, business strategy development and financial analysis and reporting.

Mr Brierley holds a Bachelor of Engineering (Civil) and a Graduate Certificate of Economics.



ALISON PRATT

General Counsel (appointed to Executive on 11 February 2019)
B.Ec, LLB (Hons), GDL, MAICD

Alison Pratt, General Counsel, was appointed as the company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in March 2019, and held the position of alternate company secretary prior to this. Ms Pratt worked in private commercial legal practice in Australia and the United Kingdom prior to joining Icon Water in 2013.

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.



BOARD AND EXECUTIVE REMUNERATION

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

| Name | 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 | | | | |
| Wendy Caird, Non-Executive Chair | 78,201 | 858 | 10,166 | - | - | 89,225 |
| Carol Lilley, Non-Executive Deputy Chair | 62,562 | 541 | 8,133 | - | - | 71,236 |
| Abigail Goldberg, Non-Executive Director | 39,068 | - | 5,079 | - | - | 44,147 |
| Dorte Ekelund, Non-Executive Director | 39,068 | - | 5,079 | - | - | 44,147 |
| Thomas Parry, Non-Executive Director | 39,068 | - | 5,079 | - | - | 44,147 |
| Rachel Peck, Non-Executive Director | 39,068 | 595 | 5,079 | - | - | 44,742 |
| Brett Tucker, Non-Executive Director | 39,068 | 541 | 5,079 | - | - | 44,688 |
| Ray Hezkial, Managing Director Note (i) | 506,549 | - | 25,000 | 81,909 | - | 613,458 |
| John Knox, Managing Director (Resigned) Note (ii) | 263,483 | 204 | 9,135 | 6,383 | - | 279,205 |

| Name | 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 | | | | |
| Jane Breaden, General Manager Business Services | 367,989 | - | 25,000 | - | - | 392,989 |
| Davina McCormick, General Manager - Customer Engagement Note (iii) | 271,347 | 15,000 | 25,778 | - | - | 312,125 |
| Joy Yau, Chief Financial Officer Note (iv) | 143,152 | - | 12,404 | - | - | 155,556 |
| Sam Sachse, Chief Financial Officer (Resigned) Note (v) | 240,245 | 235 | 14,519 | 8,965 | - | 263,964 |
| Richard Spurrett, Chief Information Officer (Retired) Note (vi) | 176,220 | 227 | 24,574 | - | - | 201,021 |
| Other Senior Managers Note (vii) (viii) | 390,138 | 13,510 | 36,337 | - | - | 439,985 |
| | 2,695,226 | 31,711 | 216,441 | 97,257 | | 3,040,635 |

Note references:

(i) Ray Hezkial held the role of General Manager Infrastructure Services until 19 October 2018. Mr Hezkial was appointed acting Chief Executive Officer on 20 October 2018 and was appointed Managing Director on 29 November 2018.

(ii) John Knox ceased employment as Managing Director at Icon Water on 11 November 2018.

(iii) Davina McCormick took 10 days of leave without pay in July 2018. Ms McCormick was reimbursed \$15,000 for relocation expenses.

(iv) Joy Yau was appointed acting Chief Financial Officer from 2 January 2019 and was formally appointed into this position on 1 April 2019.

(v) Sam Sachse ceased employment as Chief Financial Officer at Icon Water on 28 January 2019.

(vi) Richard Spurrett ceased employment as Chief Information Officer at Icon Water on 21 December 2018.

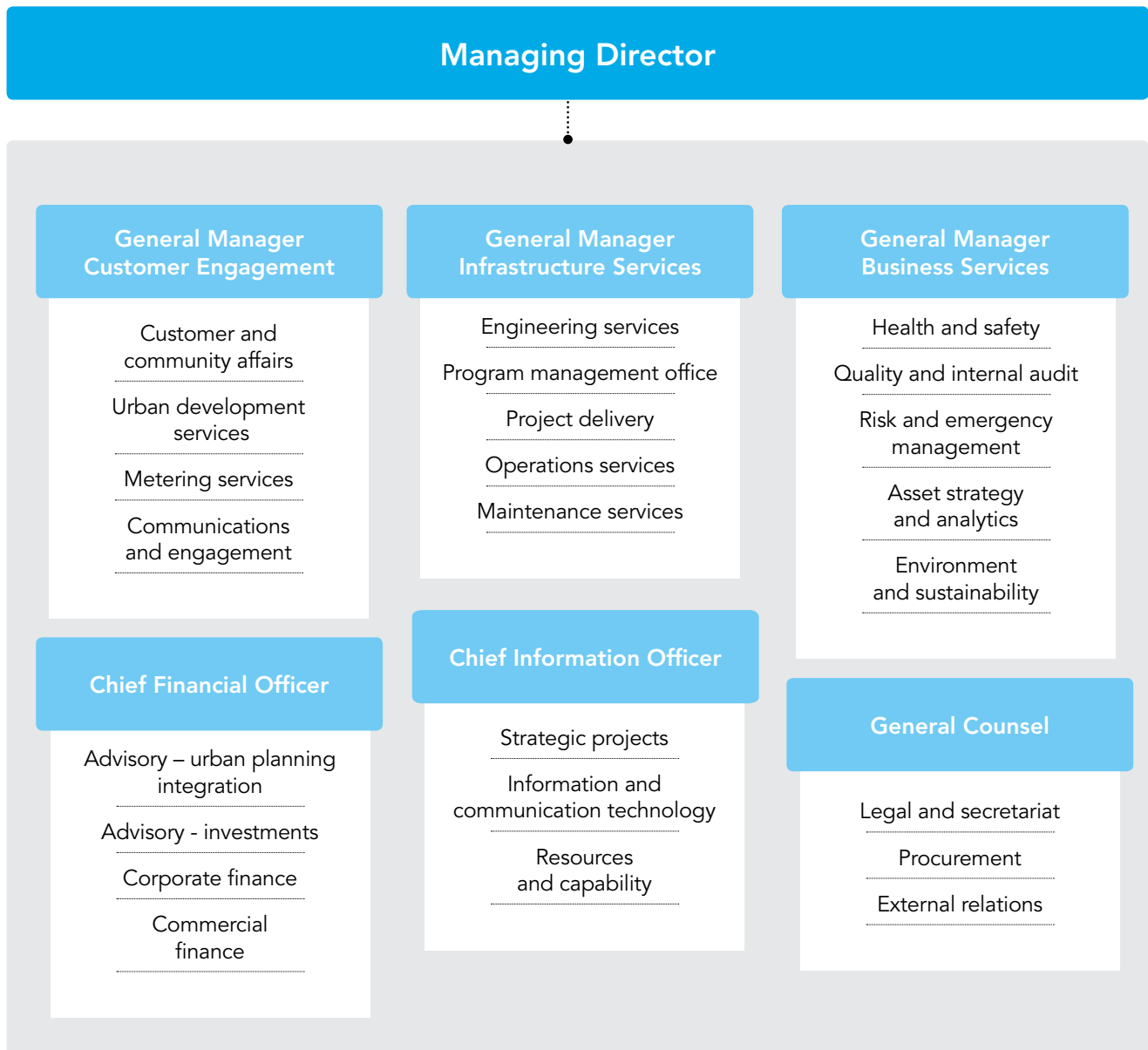
(vii) KMP disclosure within the financial statements includes the remuneration of all persons who are identified as being a KMP in the financial period, for the time they held a KMP position. In 2018-19, there were 18 KMP for Icon Water, 9 of these KMPs were Directors of Icon Water or its subsidiaries. The top 5 KMP other than Directors, are disclosed individually to reflect the requirements of the *Territory-owned Corporations Act 1990*. The 4 remaining KMP for the 2018-19 financial period are disclosed in Other Senior Managers. Other Senior Managers include General Managers which report to the Managing Director. These are Alison Pratt, General Counsel; Sven Wittchen, acting Chief Information Officer; Murray Heke, Chief Information Officer; and Gerard Brierley, acting General Manager Infrastructure Services.

(viii) Murray Heke was reimbursed \$7,496 for relocation expenses. Gerard Brierley was reimbursed \$5,000 for relocation expenses.

(ix) No additional KMPs became entitled to long service leave in 2018-19.

ORGANISATIONAL STRUCTURE

In 2019, Icon Water’s organisational structure was reconfigured to six groups, with our legal, secretariat, procurement and external relations areas coming together to form the Legal and Secretariat Group.



STAFFING

We are committed to a workplace that supports and encourages diversity and inclusion. There are a number of initiatives in place to support a diverse, capable and engaged workforce, with the key achievements for 2018–19 outlined below.

Leadership, careers and development

The first cohort of the Next Wave Leadership Program for emerging leaders was completed, and the second cohort began their program. The program has been a great success, providing emerging leaders with new skills and tools for leading a team. It also establishes a network of cross-functional high-performing employees who are engaged and willing to get involved with initiatives across the business.

A professional development training calendar was launched, outlining the various training courses and other learning opportunities on offer to all employees.

We have continued the graduate program rotations, using the graduate framework to support technical and professional development of our graduates.

In 2018–19, we also launched the transition to retirement guideline to assist staff with the transition from work to retirement.

Recruiting for diversity

Over this reporting period, we have continued to focus on our initiative to attract females into non-traditional roles, focusing on attraction, development talent pipelines, setting targets for training programs and entry level roles, development and retention, and reviewing flexibility and role design.

We re-established an apprentice scheme, through partnership with an external training organisation, and had four apprentices (two female and two male) commence their careers with us in January 2019.

We hired two female Water Industry Operators. Prior to these appointments 100 per cent of these positions were held by males.

In addition, we have reviewed our recruitment processes. This included continuing to ensure that all job advertisements are free of gender bias language and that they encourage any interested person to apply; partnering with external organisations to increase and diversify candidate pools; and actively promoting Icon Water as an employer of choice. We have achieved this through our attendance at the ACT tertiary careers fair and publishing photos and video blogs on career platforms such as LinkedIn and our website.

Employee experience and culture

In May 2019 an employee engagement survey was conducted to provide insights into the factors which contribute to staff feeling motivated, enthusiastic and committed.

The survey achieved a strong participation rate of 77 per cent. Overall sentiment on safety was highly positive, reflecting the strong safety culture in Icon Water.

The results indicated there are three key focus areas for improvement over the next 12 months, setting clear expectations, providing the right materials and equipment, and supporting development.



STAFFING PROFILE

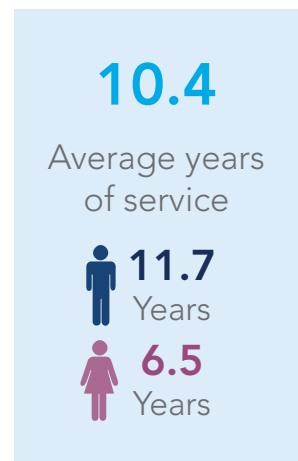
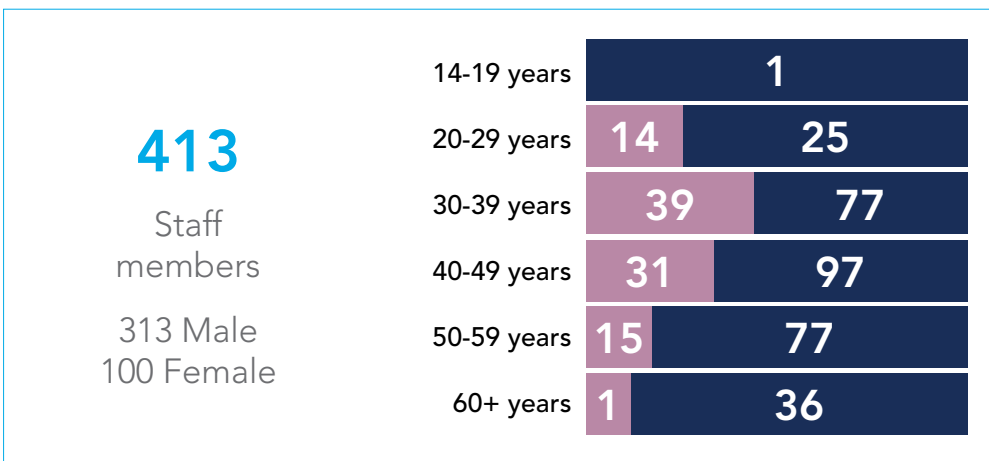


Table 1: Staff profile by employment type and gender

| | Female | Male | Total |
|-------------------------------------|--------|------|-------|
| Full Time Equivalent | 96 | 312 | 408 |
| Headcount | 100 | 313 | 413 |
| % of workforce (based on headcount) | 24% | 76% | 100% |
| Workforce gender composition | | | |
| Branch Manager and above | 2% | 4% | 6% |
| Section Manager and below | 22% | 72% | 94% |

Table 2: Staff profile by employment category and gender (headcount)

| Employment category | Female | Male | Total |
|---------------------|------------|------------|------------|
| Casual | 0 | 0 | 0 |
| Permanent full-time | 75 | 288 | 363 |
| Permanent part-time | 10 | 2 | 12 |
| Temporary full-time | 15 | 23 | 38 |
| Temporary part-time | 0 | 0 | 0 |
| Total | 100 | 313 | 413 |

Table 3: Gender profile of employment-related activities

| Age Group | Female | Male |
|-------------------------------------|--------|------|
| Recruitment: candidates | 31% | 69% |
| Recruitment: appointments | 41% | 59% |
| Promotions | 30% | 70% |
| Retention following maternity leave | 90% | |
| Resignations | 45% | 55% |

Table 4: Staff profile by equity and diversity groups (headcount)

| | Number | Percentage |
|---------------------------------------|-----------|--------------|
| Aboriginal and Torres Strait Islander | 9 | 2.2% |
| Culturally and linguistically diverse | 32 | 7.7% |
| People with disability | 11 | 2.7% |
| Total | 52 | 12.6% |



Jane Caro, talking at the 2019 InspireCo. event

CASE STUDY InspireCo.

InspireCo. is a joint initiative between Icon Water and ActewAGL.



It is designed to support and encourage equality, diversity and inclusion in the workplace through networking forums and professional development opportunities for all employees. Since its launch in 2017 the network has hosted some inspiring guest speaker events featuring athlete and author Turia Pitt, journalist and media commentator Virginia Haussegger, and actor and philanthropist Samuel Johnson.

Most recently on International Women's Day in March 2019, employees heard from writer and social commentator Jane Caro, who spoke about managing expectations, mental health, and promoting gender diversity in the workplace.

The network also hosts internal fundraising and awareness events, in support of various charities focused on men and women's health.



CASE STUDY

'Day in the life' videos

In 2018 we started producing 'day in the life of' videos showcasing different roles across the business. The videos are either specific to an individual role, or explain the roles and responsibilities of a team as a whole.

This initiative stemmed from overwhelmingly positive feedback from staff following the launch of [Day in the Life of videos](#), produced to promote our apprenticeship program.

To date seven videos have been produced, highlighting our metering team, risk and emergency team, network operations; and the roles of electrical fitter, emergency management coordinator and mechanical fitter.

These videos assist with:

- understanding and appreciating the part we all play in contributing to the success of the business
- creating an open workplace where staff are comfortable reaching out to and collaborating with people across the business
- raising awareness of individual and team roles, how they connect to others and improving knowledge sharing and collaboration
- contributing to the positive culture at Icon Water.



CASE STUDY

Ripple

To promote innovative thinking and enhance our workplace culture, we implemented 'Ripple', an ideas management platform for crowd sourcing innovative ideas across the business.

Ideas are sought through specific challenges or an open channel where 'all ideas are welcome'.

The platform was launched to all staff in November 2018. Since the launch, 340 users in the business have signed up, 90 ideas have been pitched, 11 ideas have progressed through to completion, seven are being implemented, 21 are under development and seven are not progressing.



340
subscribed
users



90
Ideas
pitched



WORK, HEALTH AND SAFETY

Safety is one of Icon Water's core values. For us, health and safety is about protecting and enhancing the wellbeing of all people affected by our work. This includes our employees, contractors, suppliers, customers and the ACT community.

We are committed to operating and continually improving an effective Safety Management System 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)*. We have one health and safety committee of 12 elected Health and Safety Representatives from across the business.

The Health and Safety branch underwent a minor structural realignment in July 2018. This realignment resulted in two streams being formed – Health and Safety Programs and Health and Safety Services. The Programs team is focused on initiatives that have a whole of organisation impact. The Services team focuses its efforts on the Infrastructure Services Group, which is responsible for field operations. A dedicated safety

advisor has also been allocated to improving contractor management and safety on projects.

There has been a 53 per cent reduction in recordable injuries over the year.

This outcome was driven by an increase in employee safety engagement and a continued sustained focus on musculoskeletal injury prevention in our maintenance services area.

There were four incidents reported to the safety regulator in 2018–19, the same number as reported in 2017–18. The incidents reported involved underground service strikes, equipment failure and a vehicle incident.

A priority initiative delivered during this reporting period was the alcohol and other drug testing program. Alcohol and drug testing is common

practice in the utilities industry. This program is designed to ensure workers are not affected by alcohol or other drugs in the workplace. The program has been implemented at all our sites. Testing is being undertaken by an external third party. Breathalysers have been installed on our sites to enable any employee to self-check. All employees were introduced to the program through a drug and alcohol awareness course.

We presented an overview of our mental health initiative to the Water Services Association of Australia in 2018. Since then, Icon Water representatives have been key contributors to the development of a WSAA mental health framework for the broader water industry.

A new Health and Safety Strategy will commence on 1 July 2019, with a key focus on improving safety leadership to drive safety culture and safety performance.



CASE STUDY

Choose to Move

Choose to Move is an eight week group strength and conditioning program. It is held at a local gym and is aimed at kick-starting healthy choices and living, teaching and motivating workers to move, eat and sleep well.

For each group of 12 workers, the program runs two mornings a week from 6–7am. The focus is on general body conditioning, incorporating functional strength, cardiovascular, flexibility and endurance training elements.

Each worker is screened physically prior to and at the end of the program to track functional fitness measures such as a 1km row for time, and biometric measures such as body weight and waist circumference.

This initiative began in March 2019 after much planning and ‘appetite-building’ in our maintenance services area as a musculoskeletal injury prevention initiative. To date, two programs have been completed and a third has commenced.

The program has been a great success, with multiple participants continuing in the gym and eating better, among other healthier choices. In future, the program will be open to all Icon Water workers, to not only improve health, but promote relationship building and connection between staff, having a positive impact on engagement, trust and productivity.

CASE STUDY

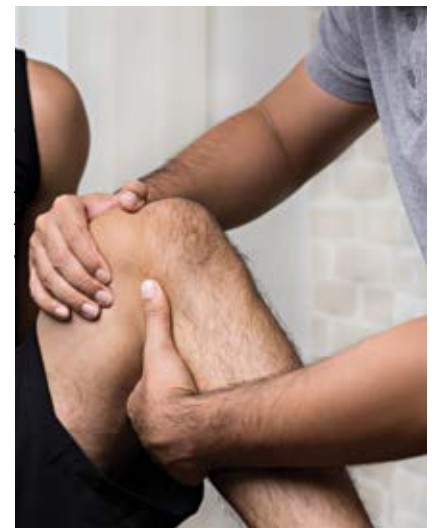
Onsite Physiotherapist

We recognise the preventive and early intervention benefits of providing easily accessible physiotherapist services.

Over this reporting period, we have continued to provide our staff with access to an onsite physiotherapist. During 2018–19, there were 357 visits.

The onsite physiotherapist program commenced in January 2018, with a targeted focus on our field maintenance workforce, given their higher musculoskeletal injury rates.

Due to the program’s success we will be expanding this onsite service to our entire workforce



In 2019, we launched the Live Well Health Calendar which provides a program of events to empower healthy living in our workforce.

Each event has seen our staff attend face-to-face sessions on healthy diet and cooking, exercise, and chronic disease prevention. Staff have been provided with educational resources via our intranet, have engaged in physical activity initiatives such as the 10,000 steps challenge, lunchtime workouts, and shared personal stories of their battles, challenges and success stories with health.


The calendar continues next financial year and aims to become a staple initiative to engage workers on the topic of health and to empower healthy living.

Over this reporting period we have held events during Nutrition Week (8–12 April), Heart Health Week (3–7 June) and Red Apple Day – Bowel Cancer Awareness (19 June).



Icon Water 2019 Health Calendar *Live Well!*

| | | | |
|----------|---|----------|---|
| 8-12 APR |  Nutrition Week Eat Well, Live Well | 5-9 AUG |  Sleep Awareness Week Sleep Well, Live Well |
| 3-7 JUN |  Heart Health Week Move Well, Live Well | 12 SEP |  R U OK? Day Mental Health |
| 19 JUN |  Red Apple Day Bowel Cancer Awareness | 8-11 OCT |  Mental Health Week Feel Well, Live Well |

 For more information on our Health Calendar please visit [iconnect](#) or contact our Health and Safety branch.





PARTNERING
WITH OUR
COMMUNITY



COMMUNITY SUPPORT PROGRAM

Icon Water's Community Support Program is designed to maximise returns to the community.

It provides financial and in-kind assistance to organisations that deliver valuable community support services and programs, and various community activities which provide and encourage community access and participation.

The Program has two primary objectives:

1

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'.

2

To complement and progress the organisation's goals as described in our Business Strategy by providing a focused and efficient program that promotes our brand and meets our commitment to the community.

Guidelines used for the assessment of funding applications are published on our website. During 2018–19, we committed \$486,072 to sponsorships and donations through 55 groups, individuals and organisations (see Table 5).

Table 5: Community Support Program

| # | Organisation – event/donation | 2018–19 \$ |
|----|---|---------------|
| 1 | Lifeline – gala dinner, Women of Spirit awards, boot camp and book fairs | 50,000 |
| 2 | Menslink – business breakfast and various campaigns | 40,000 |
| 3 | Canberra Symphony Orchestra – Music by the River and Canberra schools education program | 35,000 |
| 4 | Karinya House – Mother’s Day ball and various campaigns | 20,000 |
| 5 | Orange Sky Laundry – Canberra shower van operations | 18,182 |
| 6 | Ginninderra Catchment Group – Frog Watch Program (schools education) | 17,500 |
| 7 | OzHarvest – education program | 16,364 |
| 8 | Domestic Violence Crisis Support (DVCS) – various campaigns | 15,944 |
| 9 | Master Plumbers Association – awards nights and Icon Water award | 15,000 |
| 10 | YWCA Canberra – Hidden Women program | 15,000 |
| 11 | Camp Quality Ltd – ACT Giggle Ball (2 events this financial year) | 11,000 |
| 12 | Rise Above Capital Region Cancer Relief – Cancer Convoy | 10,050 |
| 13 | Royal Life Saving ACT – Day at the Lake/ACT water safety week | 10,000 |
| 14 | Australia Society of Fish Biology – conference | 10,000 |
| 15 | Barnados Australia – charity golf day | 10,000 |
| 16 | Physical Activity Foundation Ltd – schools education program | 10,000 |
| 17 | Crimestoppers – Canberra conference | 10,000 |
| 18 | SouthFest – Tuggeranong community festival | 10,000 |
| 19 | Greening Australia – bush tucker program | 9,091 |
| 20 | Ronald McDonald House – gala ball | 8,750 |
| 21 | ACT Chief Ministers Inclusion Awards | 7,500 |
| 22 | Mount Stromlo Mountain Bike Track – sporting project | 7,500 |
| 23 | Australian Water Association – water leaders dinner | 7,355 |
| 24 | The Salvation Army – Carols in the Park, Canberra Show | 6,000 |
| 25 | Multiple Sclerosis – MS Mega Swim | 5,200 |
| 26 | National Multicultural Festival | 5,000 |
| 27 | Veterans Motorcycle Club – tour of duty poker run | 5,000 |
| 28 | Western District Junior Cricket Club – major seasonal sponsor | 5,000 |
| 29 | St John Ambulance – schools education program and PAD program | 5,000 |
| 30 | Canberra Amateur Swimming Club – swim Christmas classic | 5,000 |
| 31 | Friends of the Australian National Botanic Gardens Inc. | 5,000 |
| 32 | Communities @ Work – Support programs for the ageing | 5,000 |
| 33 | Dementia Australia ACT – Canberra memory walk | 5,000 |
| 34 | Roundabout Canberra – Contribution to warehouse storage | 5,000 |
| 35 | ACT Wildlife – program on wombat mange in the catchments | 5,000 |
| 36 | Uniting Church Early Morning Centre – purchasing and fitting out kitchen appliances | 5,000 |

Table 5: Community Support Program

| # | Organisation – event/donation | 2018–19 \$ |
|--------------|---|----------------|
| 37 | The Show Room – industry trade show | 5,000 |
| 38 | Canberra Home and Renovation Expo | 5,000 |
| 39 | Cystic Fibrosis – Canberra Santa Shuffle | 5,000 |
| 40 | Tuggeranong Netball Association – community day | 4,546 |
| 41 | Turner Primary School – donation for special needs equipment | 4,546 |
| 42 | Woden/Weston Junior Rugby League – season sponsor | 4,546 |
| 43 | Hands Across Canberra – lunch | 2,727 |
| 44 | Woodlands and Wetlands Trust – Jerrabomberra wetlands open day | 3,000 |
| 45 | Epilepsy ACT – annual walk for epilepsy | 3,000 |
| 46 | Belconnen Arts Centre – NAIDOC Week event | 3,000 |
| 47 | Shakespeare by the Lake – corporate sponsor | 2,500 |
| 48 | Conservation Council ACT Region – World Environment Day dinner | 2,500 |
| 49 | Guide Dogs ACT/NSW – breed and train guide dogs | 2,500 |
| 50 | Regional Development Australia | 2,273 |
| 51 | ACT Artist Society – The ACT and region catchment groups art exhibition | 2,000 |
| 52 | Community Radio 2XX Incorporated | 1,364 |
| 53 | Wii-ma-li touch football team – 2018 season sponsor | 1,000 |
| 54 | CEO Sleep Out – St Vinnies | 1,000 |
| 55 | U-Help (donation box refund) | 136 |
| Total | | 486,072 |

CASE STUDY

Partnering with ACT Health - Refill Canberra



We are proudly working with ACT Health to ensure Canberrans have greater access to high quality drinking water whenever they are on the go.

Our community can now refill their reusable water bottles with tap water for free at participating Refill Canberra cafés and businesses, reducing the reliance single-use plastics.

This partnership is educating the community to stay hydrated, while saving money and helping the environment. An online map is available, so that Canberrans can look for the water drop symbol and find a business nearby to refill for free.



CASE STUDY

Partnering with Lifeline Canberra

In 2018-19, we continued our partnership with Lifeline Canberra. Lifeline Canberra exists to support people in crisis and save the lives of those experiencing thoughts of suicide.

We were proud to sponsor several of Lifeline Canberra's major events, such as their Women of Spirit

Awards. These awards recognise outstanding women in the ACT and region, women who have overcome adversity, given back to their community and become an inspiration to those around the women. The Awards provide an opportunity to thank some amazing women and acknowledge how special they are.

Our support also contributed to Lifeline Canberra's running of major events such as the Lifeline Fun Run and Bookfairs. These annual events have become part of the fabric of the Canberra region.

CASE STUDY

Partnering with OzHarvest

On 16 October 2018 we marked World Food Day by signing a new three year partnership with OzHarvest. OzHarvest is Australia's leading food rescue organisation, collecting quality excess food from commercial outlets and delivering it directly to more than 1,300 charities supporting people in need across Australia.

This sponsorship recognises that OzHarvest is redirecting food to those who need it and in turn reducing the waste of both food and water. Not only is water essential to human life, it is critical to food production.

In the ACT, OzHarvest typically rescues between 9,000 and 10,000 kilograms of produce and non-perishable food every week.



COMMUNITY ENGAGEMENT

The community engagement program is an integral component of our vision to be a valued partner in our community.

We actively work to inform and educate the community about our services for two primary reasons. Firstly, to encourage change by highlighting the impacts (financial, environmental and safety) that individual behaviour can have on our water and sewerage services and secondly to increase fundamental water literacy, understanding of the water supply catchment and the role of a water utility in the community.

Over 2018–19, we have educated our community on water use, water quality, water treatment, catchment management, water conservation, the sewerage network, drain care and the urban water cycle. Several highlights are detailed below.

Infrastructure and network education

Icon Water provides the community, particularly through schools, tertiary institutions and community organisations, with direct access to, and information about our network of infrastructure. External education continues to be performed largely through tailored guided tours, presentations to interested groups and sharing knowledge and information face-to-face and through a range of mediums and social media channels (including our website, Twitter and YouTube).

We have provided a number of infrastructure and network education presentations to schools and community events, using our new ACT Urban water cycle model resource (see case study).

At schools and community events, our mascots – Hydration Girl and Drain Sherriff – have proved very popular with school aged children.





CASE STUDY

Our urban water cycle model

Our education program uses a 3D Urban Water cycle model to showcase the ACT and surrounding region water network and urban water cycle. This provides an engaging and visual touchpoint for the community and students to learn about the journey of the ACT's urban water and sewerage system network.

The water flows from the model's rain clouds, into the catchment, then supplies the dam. The model also demonstrates how the water that is flushed down the drain makes its way to the water quality control centre at Lower Molonglo where it is treated and returned to the Murrumbidgee River system.

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

Since July 2018, 4,822 people have participated in 129 education sessions including tours or presentations to primary and high school audiences, community groups, tertiary institutions and industry groups and international delegations.

Tours to Stromlo water treatment plant and Cotter Dam Discovery Trail remain the top drawcard for schools, tertiary institutions and community groups to learn and understand about Canberra's water supply catchments, treatment processes, urban water cycle, drain care, the sewerage network and the role that Icon Water plays in providing essential water services. We are also pleased to provide guided tours of other sites and treatment plants on request.

Heritage week public tours

The Cotter Dam along with the Cotter Pumping Station were opened as part of six unique heritage tours for the 2019 ACT Canberra and Region Heritage Festival. During these popular tours 125 people learned about

the history of our water supply, the Enlarged Cotter Dam project and the pumping infrastructure that has supplied water to Canberra over the past 100 years.

Googong Dam source water protection education and engagement strategy

Some recreation activities are allowed on Googong Dam, however, these are restricted to protect the integrity of this important drinking water source. Population increases to the nearby Googong township has created the need to reinforce the rules of recreation at the reservoir and to build a sense of ownership by the new residents of the area.

A detailed strategy has been developed with several short, medium and long term objectives to engage the community to ensure the drinking water quality of the Googong Dam is not compromised

with increasing recreational use. To achieve this, we work with our key stakeholders including ACT Parks and Conservation, the Googong Town Group and Queanbeyan Palerang Regional Council.

During 2018–19 we installed new signage around Googong Dam to remind the community about appropriate recreation at the foreshore and dam, we hosted displays at two community events and conducted 12 tours to Googong Dam and Googong water treatment plant for schools and community groups.

Table 6: Consultations

| Project | Consultation Process | Groups or Individuals consulted | Approx. number consulted | Outcome |
|--|--|--|--------------------------|--|
| School and community education program | <ul style="list-style-type: none"> ▪ Education about urban water cycle and Icon Water treatment processes and assets ▪ In school presentations ▪ School tours of Cotter Dam Discovery Trail ▪ Use of website education materials ▪ Education brochure | <p>ACT and interstate primary and secondary schools</p> <p>Tertiary Groups – universities, CIT</p> <p>Industry delegates</p> <p>Community groups and individuals, ACT Government</p> | 4,820 | Raise awareness of ACT catchments and water supply dams and urban water cycle. Build understanding of water quality and treatment processes, sustainability, and conservation and drain care. Informed primary and secondary education studies (science, SOSE, history, geography and environment learning areas) tertiary student groups and community interest groups. |
| 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, ACT Government, QPRC, Googong Town Group | 1,500+ | Relationship building, information sharing, and raising community awareness of water quality protection issues. |
| Community engagement and awareness program | <ul style="list-style-type: none"> ▪ Participation at local exhibitions such as the Canberra Show, Million Paws Walk, Gungahlin Community Festival, Convoy for Cancer, Science in ACTion ▪ Participation in OzWater conference ▪ Community group talks ▪ Advertising ▪ Articles in publications ▪ Flyers and leaflets ▪ Twitter ▪ YouTube ▪ Website ▪ Media releases | ACT residents and visitors. Interstate water industry operators and local trade community, web users | 150,000+ | Relationship and awareness building. Knowledge of services available. |
| Branding awareness and engagement | <ul style="list-style-type: none"> ▪ Public relations and media ▪ Inclusions in billing collateral ▪ Website ▪ Stakeholder engagement activities ▪ Sponsorship engagement | Customers and community | 50,000+ | Relationship building, education, community support and brand awareness. |



CUSTOMER EXPERIENCE

We know that simple, easy and customer friendly processes are important to create value for our customers.

We have an ongoing focus on deepening our customers' experience through engagement and insights to ensure we design and deliver services that respond as expectations continue to evolve.

During 2018–19, Icon Water received over 60,000 customer calls (including faults and emergencies, account and general enquiries). We continue to be committed to effective customer service. Increased awareness and consideration of how we can add value to our customer interactions has led to a reduction of 32 per cent in the total number of complaints compared to the 2017–18 results.

Icon Water also produced over 720,000 customer bills during the year. We are committed to ensuring appropriate quality assurance, consistency in billing practices, and clear and helpful customer communication.

To that end, a billing assurance project was initiated to review end-to-end metering and billing processes, identify opportunities for positive customer experience change and improve revenue collection. The improvements identified from this project have been incorporated into our Business Strategy.

A survey of 300 residential households and 200 businesses, indicated that 92 per cent of residential customers remained satisfied with our services (93 per cent in 2017–18).

The satisfaction levels of our business customers has significantly improved from 88 per cent in 2017–18 to 93 per cent this year.

A three-year customer strategy was launched in 2018–19 to focus on five key areas: the customer billing experience; the developer journey; complaints management; customer insights; and developing a customer capability and systems plan. The first year initiatives were foundational projects to understand the customer experience and identify opportunities for enhancement and the drivers of satisfaction.



RESEARCH, DEVELOPMENT AND INNOVATION

Icon Water funds, provides in-kind support and partners with a range of research and development projects which address organisational and water and sewerage industry risks.

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

We are a member of a number of industry network groups and participate in collaborative research projects to improve knowledge and manage expectations and capabilities.

The following research and technology projects continued or were completed during 2018–19:

- Icon Water co-led the WSAA Improving Energy Outcomes project to address energy training and development needs in the water industry. This project conducted a training needs analysis, and a skills matrix and framework to identify required skills for functional roles, and the means to assess skills gaps. It also conducted a review of training in parts of electricity management that are relevant for water industry professionals.
- We participated in the development of National guidelines for discharge of chlorinated water. This national project was facilitated by WSAA to establish industry wide guidelines for de-chlorination of potable water discharged to the environment. We have incorporated elements from the guidelines into our standard operating procedures.
- We continued our participation in a joint project of Cooperative Research Centre – Projects and WSAA, 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.
- We participated in a project coordinated by WSAA to investigate Quantifying the Liveability Associated Health Benefits of Water Industry Investments. A draft Liveability Position Paper was delivered in June 2019 to address this and will soon be finalised through industry consultation.

We are a key stakeholder in the following Water Research Australia research projects:

- Recreational impacts in drinking water catchments. The aim of this project is to understand how facilitating recreation in catchment areas impacts on the ability to provide safe and reliable drinking water. Current knowledge is being reviewed and will build upon the work published by the CRC for Water Quality and Treatment.
- Emerging Contaminants of Concern management system. This project will develop a tool for determining key contaminants of concern from the ~80,000 chemicals in use, such as Per- and Poly-fluoroalkyl substances (PFAS), to prioritise research needs and proactively manage risks.
- Value of Research. Utilities are involved in high quality, valued research to stimulate innovation and collaboratively address urban and regional water challenges and opportunities. Improved measurement and valuation of research is critical to demonstrate return on investment and impact of research.

We have had a major focus on resource recovery over the past year to assess the feasibility of various reuse options and find ways to generate higher value products from our waste materials.

The following research trials were undertaken: a composting trial of biosolids from Lower Molonglo Water Quality Control Centre (LMWQCC) at Cooma Landfill; creation of biochar from biosolids; and a research project to investigate and assess local beneficial reuse opportunities of alum sludge currently produced at our water treatment plants.

Research also is underway to find new techniques to clean up and dispose of polymer waste at our water treatment plants. We are also evaluating the substitution of extracted river or quarry sand with recycled glass sand as pipe bedding material.

CASE STUDY Alum sludge

Alum sludge is a thick mud produced during the production of potable water and currently directed to landfill. The research project investigated and assessed opportunities to locally reuse the sludge in commercial, horticultural and agronomical ways. The information gathered will be used to undertake field trials to test the safety and reuse of the feasible options identified.



Alum sludge



Mud bricks

Treated sewage solids such as sludge, screenings and grit are typically incinerated at LMWQCC to make AgriAsh, a valuable agronomic soil conditioner. However, during outages of the heat treatment process, stockpiling of sewage solids is required for upwards of two years to meet beneficial reuse standards for biosolids. This requires a significant amount of space for treatment and restricts its reuse options. Two alternative technologies for generating a safe and higher value beneficial product derived from sewage solids were trialled in 2018–19.

A composting trial of sewage solids from our sewerage treatment plant at LMWQCC was undertaken at Cooma Landfill to assess whether solids can be brought up to biosolids reuse specifications more quickly, and made into a product that is viable for our business. The initial results of the trial showed that accelerated composting of both fresh and aged solids is achievable over several weeks. This information will help to inform other internal projects and final reuse options.



Potting mix and Biochar

Biochar

Biochar is an emerging agronomic product that is manufactured using sewage solids. It has the potential to significantly increase soil health and productivity and captures carbon in soils which suggests it can be a negative greenhouse gas emission technology.

A biochar trial was undertaken in partnership with Yarralumla Nursery, ANU, a local consultancy and CSIRO

using pyrolysis to create a charcoal from the biosolids which was added to potting mixes and used in native plantings. The results of the trial were positive and were presented at the Australian Water Association National Biosolids Conference in February 2019. The results have led to a follow up investigation of potential market opportunities and development of beneficial reuse trials to be endorsed by end-users and regulatory bodies.



CASE STUDY

Aboriginal and Torres Strait Islander community engagement

At Icon Water we recognise the Aboriginal and Torres Strait Islander peoples as the traditional owners and custodians of the lands on which we work and operate.

As the ACT's sole water provider, we recognise the valuable role we have in the community to protect the rich Aboriginal culture of the Canberra region, and in particular the land and waterways under our management.

In 2018 we commenced our reconciliation action planning. A working group was established with representation from across the business, including Aboriginal and Torres Strait Islander employees, to progress the development of our Reflect Reconciliation Action Plan (RAP). Our Reflect RAP recognises that we are in the early stages of our journey to develop and implement reconciliation activities across our business. Initially, these activities are aimed at building cultural awareness across the organisation and fostering relationships with the Aboriginal and Torres Strait Islander community. We are looking forward to progressing this important work.

Aboriginal heritage items and places exist on land and waterways under the management of Icon Water. 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. For example, when seeking environment and planning approvals for the solar panel works at LMWQCC, we met onsite with local Ngunnawal representatives to identify artefacts and areas of significance. Based on our findings we partly relocated and shrunk our design footprint to avoid disturbance to a large Indigenous artefact pad to respect our First Nations and generate renewable energy.

Our Community Support Program (refer page 38) provides financial and in-kind assistance to community organisations. In 2018–19, we proudly sponsored the Belconnen Arts Centre with funding for their NAIDOC Because of Her We Can events, Wii-ma-li touch football team (2018 season sponsor) and Greening Australia's Bush Tucker Program.

CASE STUDY

Greening Australia, Bush Tucker Program

In August 2018 we entered a three year sponsorship agreement with Greening Australia, a not-for-profit organisation that has been conserving and restoring Australia's landscape since 1982. Greening Australia works on major programs that bring life to landscapes and restore balance to the natural environment in significant areas across Australia.

Greening ACT offer a Bush Tucker program in Canberra schools, teaching Aboriginal culture and heritage focusing on the importance of local plants that have, and continue to, play a significant role in the lives and history of the Aboriginal custodians of the ACT – the Ngunnawal people. The program teaches students which plants are edible and how other plants such as tussock grass can be used to make string for nets, bags, baskets or mats. A range of traditional bush tucker plants for the native garden are supplied by the local nursery to enable schools to establish their own bush tucker garden.



Greening Australia Project Officer, Aaron Chatfield, presenting and planting with students.



A nighttime photograph of a cityscape with lights reflecting in a body of water. A large white circle is centered in the image, containing the text 'YEAR IN REVIEW'.

YEAR
IN
REVIEW



SEWERAGE OPERATIONS

We performed well against our environmental authorisations, achieving the following compliance results:

100%

Lower Molonglo
Water Quality
Control Centre –
emissions

100%

Lower Molonglo
Water Quality
Control Centre –
effluent

100%

Uriarra Sewage
Treatment Plant

N/A

North Canberra
Water Reuse
Scheme**

For the period 2018–19, Lower Molonglo Water Quality Control Centre (LMWQCC) treated a total sewage inflow (raw sewage) of **33.2GL** with a final effluent discharge of 30.0GL. Recycled effluent reuse on site was approximately **2.2 GL**.

Significant capital investment continues at Lower Molonglo Water Quality Control Centre, with a number of assets and functional areas upgraded over the last 12 months (see page 60)

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



WATER QUALITY

We provide over 130 million litres of treated water each day and we take the quality of drinking water very seriously.

We conduct a continual and comprehensive water quality monitoring program across our supply and distribution systems and use this data to ensure water quality. Testing 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 six notifiable events to ACT Health as per the Code during the year.

We maintained our third-party certification of Hazard Analysis and Critical Control Point (HACCP) based risk management system for water

quality management in 2018–19. At the last audit, held in 2017–2018, we achieved a rating of Excellence in HACCP and Good Manufacturing Process).

We published our [Annual Drinking Water Quality Report 2017–18](#) in accordance with the Code in October 2018 (the report is available at iconwater.com.au). The 2018–19 report will be published in October 2019.

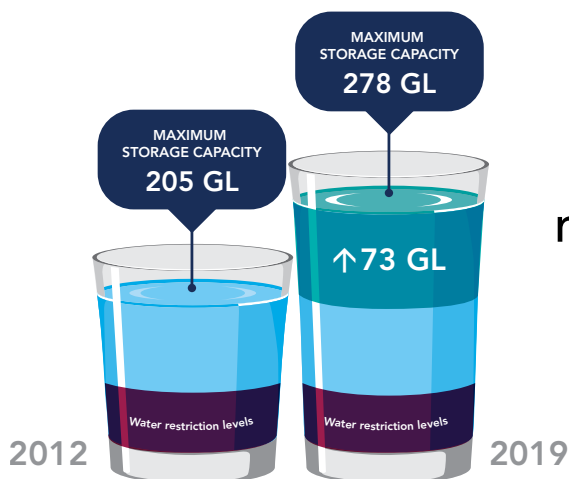
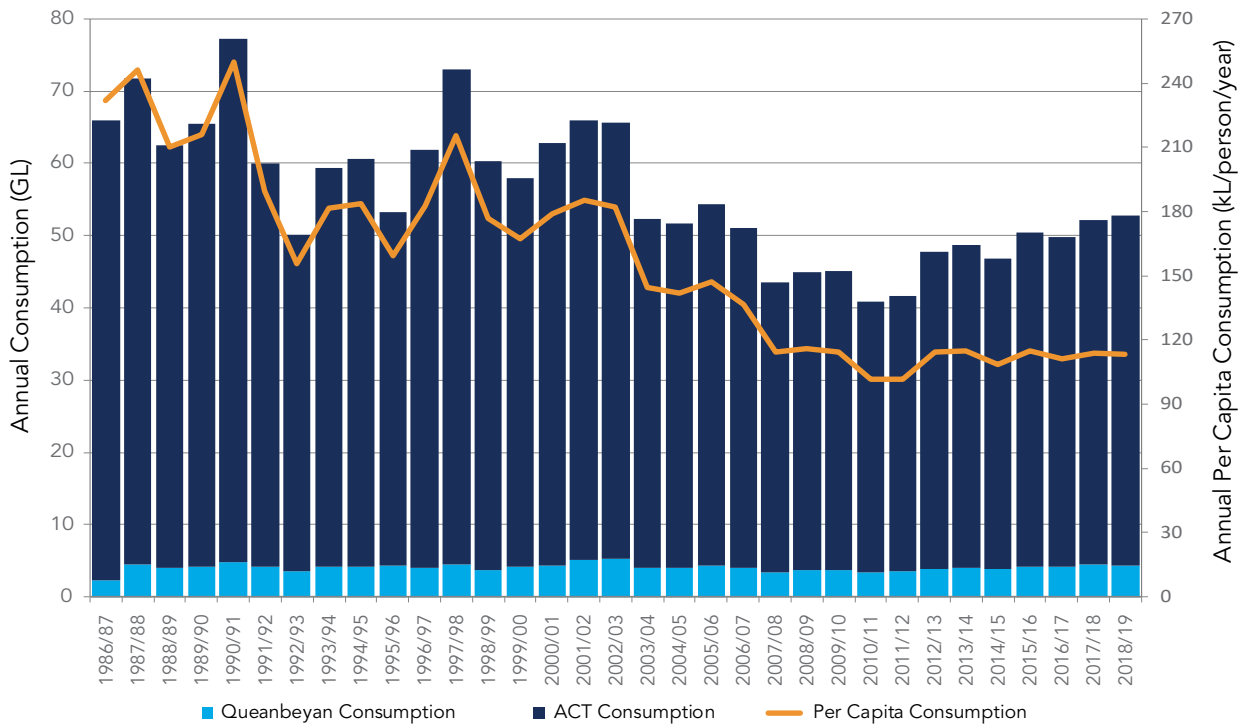
WATER OPERATIONS AND WATER SECURITY

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

Since 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.

Canberra Airport rainfall for the reporting period totalled 532.4 mm, which was an increase from the previous 12 month period of 497.6 mm. Our combined dam capacity was at 56.5 per cent of the total 278 GL volume at 30 June 2019 – a significant decrease on the 69 per cent capacity recorded at 30 June 2018.

Figure 2: Annual water consumption for ACT and Queanbeyan



We now have more storage capacity

Provided by the enlargement of the Cotter Dam

GL = Gigalitres

Our Source Water Strategy 2018–2030 aims to ensure we meet unrestricted water demand for the ACT and region 95 per cent of the time.

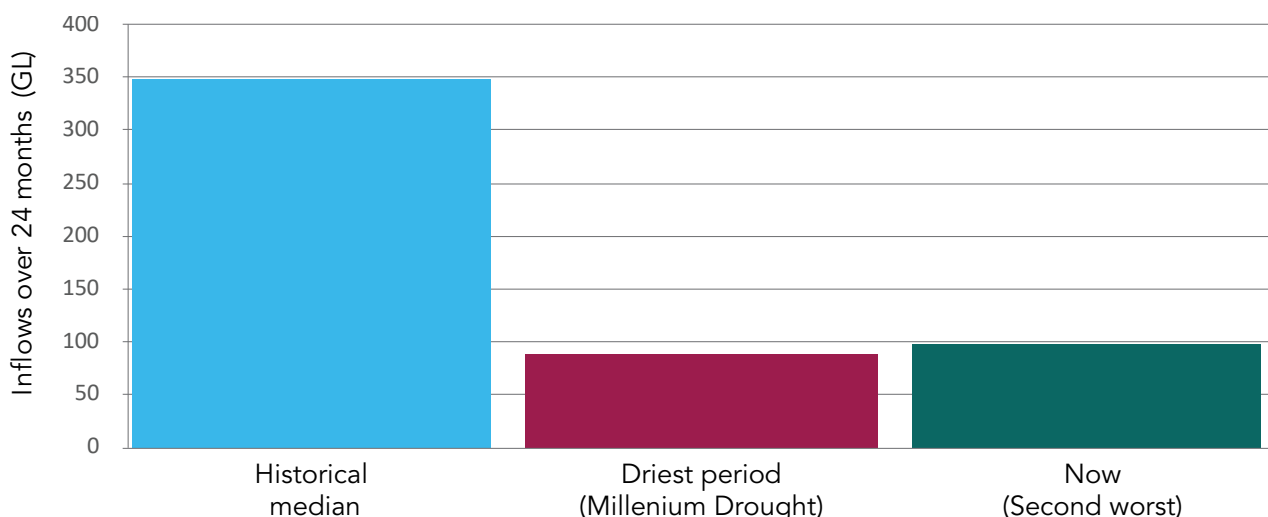
Although our source water system is secure, there is always the possibility of experiencing a more severe drought that will require water restrictions. The last financial year has been the worst on record for inflows and the last 24 months the second worst (see Figure 3). Over this period storages have fallen from 84.2 per cent to 56.5 per cent.

Climate forecasts are predicting a high likelihood of dry conditions continuing during Spring 2019. If inflows do not increase during 2020, the current drought could develop into a worse drought than the Millennium Drought. If this occurs, water restrictions could be required as early as the end of 2020.

Icon Water is preparing for further dry weather by promoting water savings and informing the community of their obligations under Permanent Water Conservation Measures to ensure demands are minimised.

Sourcing water from more expensive sources to preserve storages is also taking place. The Cotter Dam has been the primary source of water this year and without it, the region could already require water restrictions. The Murrumbidgee to Googong pipeline is also primed although it requires more flow in the Murrumbidgee River for operation.

Figure 3: Comparison of inflows over 24-month periods



About the Murrumbidgeeto Googong Pipeline

The Murrumbidgee to Googong Pipeline (M2G) transfers water from the Murrumbidgee River to the Googong Reservoir.

The M2G was constructed in response to the 1997–2010 Millennium Drought.

Depending on the climate conditions, rainfall, river flows and water demand, the M2G can be in one of the following three modes:

- 1 Operating mode. Operating and transferring to increase Googong reservoir storage levels.
- 2 Standby mode. Ready to run, all components in place and being operated routinely for maintenance purposes.
- 3 Suspension mode. Parts of the system may be decommissioned requiring lead time before start up. No water can be transferred.

During 2018–19, the M2G was mostly in Standby Mode. However, the M2G was in Operating Mode from 9 August to 30 August 2018, during which time 397 ML was transferred to the Googong Reservoir.

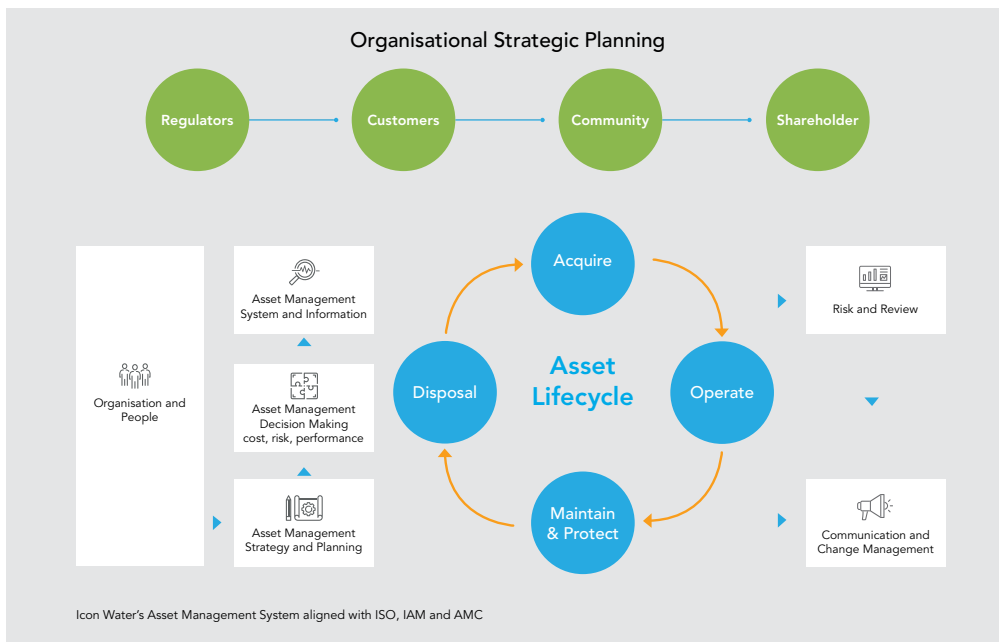
ASSET MANAGEMENT

Effective asset management underpins our ability to provide affordable and reliable services to the community.

As Icon Water’s asset management capability matured, we have taken the opportunity to improve how we do business and transition to a service delivery model. This means we take the knowledge of our asset’s capabilities and tailor our

performance, after listening to our customers’ requirements. We are also in the process of aligning our Asset Management System (Figure 4) to the international standard AS/NZS55001.

Figure 4: Icon Water’s Asset Management System



During 2018–19 we have continued to improve our asset management system. In particular we:

- Commenced a review of long term (30–50 years) strategies for our sewerage system and non-drinking water system. This review is testing our approach and plans for continuing to service the ACT community in the light of key changes to projected population, climate and technology. We have adopted an adaptive planning approach, which is suited to dealing with considerable uncertainty in timing and scale of future growth, and provides us with a framework for decision making.
- Updated, reviewed and replaced our investment planning and asset decision making tools. This includes the development of a Portfolio Assessment Tool to support investment decisions, as well as more specialised tools to support water and sewer mains operation, maintenance and renewal planning.
- Completed the release of our asset and works management system. This replaces multiple end-of-life works management tools with the potential for enhanced capability.
- Continued to work with the ACT Government and its agencies through updates and modernisation of codes and standards and in holistic infrastructure studies.
- Upgraded our geospatial information system to support mobile mapping capability. This enables easier access to asset information, manuals, for field based crews. This work was recognised as a finalist for the 2019 Digital Utility Awards.

ECONOMIC REGULATION

In 2018–19, the annual water and sewerage bill for a typical Canberra household decreased by 3.5 per cent, or \$42 per year (in nominal terms).

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 2018, we implemented prices in accordance with the Price Direction made by the ICRC in May 2018 for the period 1 July 2018 to 30 June 2023.

The decrease in typical Canberra household bills was due to efficiencies in our planned operating

and capital expenditure and lower interest rates. This enabled us to continue to deliver water and sewerage services to residential customers with service bills for ACT customers around the average of comparable jurisdictions.

Annual bills for non-residential customers decreased by between 1.8 and 8.7 per cent in 2018–19 compared to 2017–18, depending on water usage and the number of billable fixtures.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

As the Canberra region grows and the regulatory environment changes, it is critical we continue to evolve and upgrade our systems and use technology and technology services to create efficiencies.

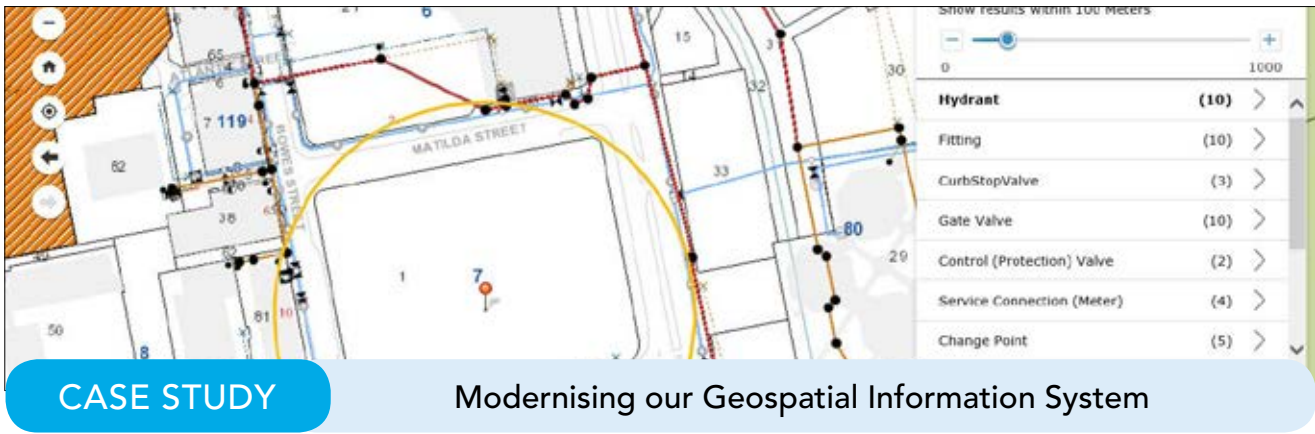
These investments will improve the way we manage our assets and the interactions we have with our customers.

During 2018–19 we remained focused on delivering a high level of service, by continuing to enhance our internal capability and delivering reliable technology services. This has enabled our operational areas to meet customer, technical and environmental standards and requirements.

One of the key projects, which commenced in 2016, was our new asset and works management system. This project was finalised in June 2019 and for an asset and works-intensive organisation like ours, it has been a major undertaking, directly impacting over 80 per cent of our workforce. The ongoing use of these new processes and systems provides a foundation to maintain and improve productivity. It also improves our insight into the performance of our asset and works

management activities. This project has enabled us to improve asset related information resulting in better decision making. We have also seen improvements in our maintenance regimes, scheduling and allocation of work orders. We have optimised the use of maintenance crews which will improve the ability to respond to both reactive maintenance issues and planned maintenance works.

Other information and communications technology projects underway include the implementation of critical security initiatives to maintain and improve our security posture, SCADA system and Time Series Data upgrades, and a water meter database replacement.



CASE STUDY

Modernising our Geospatial Information System

Our geospatial information system (GIS) was successfully upgraded into a privately managed cloud environment. This addressed previous system limitations associated with adaptability and agile change.

A number of technologies have been combined to deliver a sustainable, long-term solution for our business. Specifically, Portal for ArcGIS has been developed to publish web-based maps, improve customer experience and productivity, and make life easier for both field and office staff. This interface is industry-leading, intuitive and enables the building of innovative solutions tailored to an individual's needs, including:

Real-time redline mark ups

- Provides an organisation-wide inclusive solution where employees can capture and display network errors in real-time. This includes status progress as these errors are processed. This avoids reporting and capturing the same network errors.

Outage management – network trace capability

- Enhances field operations through real-time network outage management tools leading to improved customer service and reliability.
- Provides the ability to identify critical customers that will be effected such as schools, hospitals and dialysis customers.

Drone to map

- Establishes ability to process and publish drone survey footage. Providing spatially located high resolution imagery through web-maps, assisting in business and environmental assessments.

Integration with other asset management systems

- Provides a real-time spatial view of our network status from the network control system (SCADA).
- Provides a modern and easy search functionality to identify and locate infrastructure.

Valve status display

- Visually captures valve status by operators, providing instant communication of valve states to improve network reliability, outage planning and avoid possible cross contamination.

External information

- Provides modern information-rich map views through a simple import functionality of publicly available maps to overlay over the network, such as contaminated site information to improve safety for field maintenance activities.

Water meters

- Allows easier identification of meters providing sub-meter accuracy through GPS technology which can be uploaded into the GIS framework.

Customer view portal

- Establishes foundational platform to make maps of Icon Water assets available to developers and builders in the future.

Icon Water is the first in Australia to integrate ArcGIS software into a water utility model and create a fully connected geometric network model. As a result, full connectivity has been established across the entirety of networks, including flow direction across the sewer network.



CAPITAL WORKS

In 2018–19, Icon Water invested \$108.9 million in capital works to further grow and improve our networks to meet future demands and protect the natural environment.

Our biggest investment has been a major program of works at the Lower Molonglo Water Quality Control Centre (LMWQCC) to replace aged assets at risk of failure and to meet environmental regulations.

LMWQCC was constructed in the 1970s and, as such, significant components of the plant are now in need of replacement or upgrade.



Major projects continued or completed at LMWQCC in 2018–19 year include:

Aeration system renewal

Investment to date **\$15.1m**

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. The new blowers have been commissioned and are in service with only minor building works remaining prior to project closure.

Solids handling

Investment to date **\$28.4m**

The solids handling project has multiple parts including furnace and exhaust upgrades, screening and ventilation upgrades, centrifuge replacement and a new sludge holding tank. The first furnace upgrade is now complete with commissioning to start in August 2019 before work on the second furnace will commence. One new centrifuge has been installed and is operational. The other aspects of the project are progressing in parallel to the furnaces. Full commissioning of the entire system is due in late in the 2019–20 financial year.

Tertiary filters and disinfection upgrades

Investment to date **\$23.0m**

The tertiary filters and disinfection upgrade project is in the construction stage. The secondary flow control improvements are now complete which will allow the tertiary filters to be progressively taken offline.

This project included the replacement of the manual secondary clarifier inlet gates with automated penstocks. Replacing the gates will provide efficient flow control to the clarifiers and less biological matter overloading the tertiary filters. This project required multiple complex treatment process shutdowns with an engineered and fabricated man box successfully installed temporarily to allow safe access to install new penstocks without major extended treatment interruptions.

A nomination for engineering excellence has been submitted to the Australian Water Association for the concept and design utilised to successfully conduct this challenging work (winners will be announced in September 2019) The first of the tertiary filters is expected to come offline for refurbishment early in 2019–20 with the staged delivery of the four filters expected to take two years.

High voltage asset renewal

Investment to date **\$2.7m**

The high voltage asset renewal project has progressed into detailed design. Early procurement of critical long lead time equipment is nearing completion. Construction of works on site is due to start late next financial year.

Bypass dam improvements

Investment to date **\$6.1m**

The bypass dam provides storage capacity of up to 147ML during peak wet weather flow. The new works have provided engineered shoring on the sloping banks of the dam, which have now stopped excess rocks and mud from filling the storage dam sump area. In turn this has significantly reduced blockages and costly failures to the new main storage dam pumps

Building improvements

Investment to date **\$6.1m**

Through a combination of a number of projects there have been improvements to the fire detection and evacuation system, stairwell handrail upgrades and the repair of leaking roofs.

Other capital works projects

Water network electrical, instrumentation, monitoring and control renewal

Investment to date **\$7.9m**

This project will replace ageing control and monitoring equipment at 93 separate sites including pump stations, reservoirs and valve farms in the water network. 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. During 2018 the construction works on group 1 sites were completed, along with the detailed design of group 2 and the concept design of group 3. The remaining works will be undertaken progressively via a continuation of this staged delivery process.

North Weston and Crace odour and ventilation improvements

Investment to date **\$7.6m**

The purpose of the new North Weston and Crace odour control systems are to remove foul air from the existing sewerage infrastructure and disperse it to the atmosphere. These projects will protect the existing infrastructure and reduce odour complaints from residents.

Construction of the new system at North Weston is complete with commissioning to occur in 2019–20. Crace construction works have commenced and will be completed in 2019–20.



Mugga reservoir roof replacement and floor sealing

Investment to date **\$550k**

The Mugga reservoir is approximately 50 years old and requires replacement of its roof structure, purlins and joint sealing in the floor. This project will ensure that this reservoir continues to provide drinking water to our community safely and to the high water quality standard required.

Mugga reservoir is located in the suburb of Symonston ACT. It supplies water to homes, schools and businesses in the surrounding suburbs and acts as a balancing tank for the Woden area when water is being supplied from the Googong Water Treatment Plant.

The detailed design was completed in 2018–19. Construction works on the Mugga reservoir will commence in late 2019–20.

Critical infrastructure security upgrades

Investment to date **\$6.5m**

The critical infrastructure security upgrades project has progressed this financial year with upgrades occurring at the following sites with a critical rating:

- Googong Water Treatment Plant – fencing and CCTV upgrade
- LMWQCC – fencing and CCTV upgrade
- Googong Dam – fencing and CCTV upgrade
- Bendora Dam – fencing upgrade
- Corin Dam – fencing upgrade.

All fencing upgrades are complete. CCTV upgrades are complete with commissioning underway at all sites.

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. This is underway with keys and locks procured, new procedures drafted, and key management cabinets and software procurement underway. All works are expected to be completed by July 2020.



Solar power rollout program

Investment to date **\$3.1m**

To reduce electricity costs and greenhouse emissions, the solar power program is implementing ground and roof-top mounted solar photovoltaic (PV) panels across various sites. Solar panels have been installed and are operating at the following sites:

- Cotter Dam
- Stromlo Water Treatment Plant
- Mitchell office

Two solar PV arrays are being installed at LMWQCC. The first array is in the commissioning stage and the second array will be energised over the next financial year.

In addition, at LMWQCC and the Stromlo Water Treatment Plant, the systems are of sufficient size to be registered with the Clean Energy Regulator to generate Large Generation Certificates (LGCs). These LGCs can be sold to entities with liabilities under the Renewable Energy Target (RET).

Sewer mains and water mains rehabilitation programs

Investment to date **\$10.5m**

The water and sewer mains rehabilitation programs seek to replace old and damaged pipelines in the water and sewerage networks to maintain the reliability of water supply and sewerage services for the Canberra community. These rolling annual programs continued in 2018–19, with approximately 4.6km of water mains replaced and 13.5km of sewerage main rehabilitation undertaken. The majority of this work used pipe bursting, drilling and relining technologies (for sewerage pipes) which enabled the renewal of assets without the need for open trench excavation, minimising disruption to the Canberra community.

Water meter and domestic service upgrade program

Investment in 2018–19 **\$4m**

The annual water meter and service upgrade program continued throughout 2018–19. A total of 7,612 meters were replaced during the year (7,214 small and 398 large). Of the total, 87 per cent were planned and 13 per cent were reactive replacements.



Belconnen trunk sewer augmentation

Investment to date **\$2.2m**

Sewage from the Belconnen, Gungahlin and Hall townships is collected and conveyed via the Belconnen trunk sewer which then drains into the Ginninderra sewer tunnel and then to LMWQCC for treatment.

The Belconnen trunk sewer was constructed in the 1960s and its capacity needs to be increased to meet the current and future population growth, given the significant development that has occurred in the Belconnen and Gungahlin areas. As well as improving capacity, the network will be upgraded to include extra ventilation and odour control units to protect new and existing infrastructure.

All development applications have been submitted and a period of community consultation is underway. Construction is scheduled to commence in late 2019–20 subject to planning approvals.

Googong water treatment plant clarifier renewals

Investment to date **\$1.1m**

Googong water treatment plant was constructed in 1978 and is a critical alternative water treatment plant for the ACT and Queanbeyan drinking water supply. It provides standby water treatment for Stromlo Water Treatment Plant during normal demand periods, primary water treatments during Stromlo Water Treatment Plant shutdowns or when Googong Dam is the preferred water source, and supplementary water treatment during peak demand periods.

The four clarifiers at Googong Water Treatment Plant have been in service since 1978 and will be upgraded to ensure they continue to perform the important function of removing solids and other contaminants from raw water in the treatment process.

In 2018–19, the project requirements were finalised, a tender process undertaken and a design and construct contract was awarded. This project is currently undertaking the detailed design with construction scheduled to commence in late 2019–20.

One Tree Reservoir project

Cost to June 2019 **\$1.3m**

The One Tree Reservoir project will see the construction of a new reservoir to service the 'super high zone' of the new subdivision of Taylor.

Detailed design was completed in 2018–19. The majority of the construction will be completed in 2019–20 with commissioning to occur in 2020–21.



ECOLOGICALLY SUSTAINABLE DEVELOPMENT

As custodians of our region’s water supply, Icon Water has an important role to play protecting human health and the environment.

We have a strong commitment to protecting the environment and managing the region’s water resources, now and for generations to come. This includes taking action – large and small – to improve sustainability and embed sound environmental management across our business, and in partnership with our community.

We have an Environmental Management System (EMS) certified to the international standard ISO14001. During 2018–19 we implemented a suite of environmental and sustainability programs in line with our EMS and our Sustainability Action Plan.

We continued to demonstrate environmental compliance this year with all environmental licence requirements and legal obligations, assisted by a dedicated team of environmental and engineering professionals. To help achieve this, an environmental management plan (EMP) was developed for Googong Water Treatment Plant and updated for Uriarra Sewage Treatment

Plant to reduce our impact on the environment (in accordance with Environmental Authorisations for these treatment facilities under the *ACT Environment Protection Act 1997*).

In 2018–19 we undertook 14 environment and sustainability assessments that integrate ecologically sustainable development principles into our capital project planning and obtained environmental planning approvals for 18 activities. A review of our sustainability assessment process resulted in improvements including clearer scoring methods for project options.

Icon Water understands the role we play in building the region’s resilience to climate change and limiting our emissions profile. In an effort to reduce emissions, we continued our focus on increasing our renewable energy portfolio.

In 2018–19 we installed 720 kW of solar photovoltaic (PV) arrays at LMWQCC, Mitchell Office, Cotter Dam and Stromlo Water Treatment Plant.

We also continued our focus on energy avoidance and energy efficiency to assist project, operation and strategic planning teams. We launched a new energy management system to manage our energy consumption, to improve energy monitoring and reporting and drive efficiencies overall.

We have a number of carbon credit plantations, managed to offset emissions. Our carbon credit portfolio is on track to offset the 231,665 tonnes of carbon dioxide equivalent projected to have been emitted by the construction and operation of the water security major projects to June 2020. The carbon credits have been generated through carbon capture by native trees in Australia.

On 7 July 2018 we became a licensed waste facility under the *Waste Management and Resource Recovery Act 2016 (ACT)* for our LMWQCC facility. This supported our strong focus on increasing our understanding of our waste volumes and waste streams. We undertook a waste audit at our main office location in Mitchell and developed waste management plans for all our major treatment sites. This information will be key to informing well considered resource recovery programs and reducing our waste to landfill.

Initiatives in 2018–19 included undertaking a desktop bin behavioural change recycling trial at our Mitchell office, delivering trials to find beneficial reuse options for our water and sewerage treatment plant waste, and ensuring we report on new waste management legislation accordingly.

We have a comprehensive environmental monitoring program to ensure drinking water catchment health is understood and protected. In December 2018, the triennial Catchment Survey Report 2016–18 was presented to the ACT Department of Health which

summarised results from water quality data and land use activities within the Cotter, Googong and Murrumbidgee catchments. The report highlighted potential hazards, which we have raised with responsible authorities to minimise adverse impacts to source water quality.

We also have a sustained focus on ensuring fish health within our water supply catchment dams. In 2018–19, the Enlarged Cotter Dam Fish Management Plan Version 4 was finalised and approved by regulators. We continued to undertake research and conservation management actions to protect the threatened Macquarie perch in the Cotter Reservoir. Successful populations of the Macquarie perch from young-to-year stage were detected in 2019 for the third successive year. Having a stable population is a very encouraging result of several years of research and fish management in a water supply reservoir with fluctuating water levels.

We continued to participate in various catchment management forums and community events to influence source water protection. This included as a member of the Upper Murrumbidgee Catchment

Network collaborating on natural resource management, with development of the Googong Catchment Actions for Clean Water Plan. Through our involvement in the ACT Government's Directors' General Water Group and Senior Executives' Water Group we have continued our assistance in the implementation of relevant actions of the ACT Water Strategy 2014–44. Through direct engagement with the ACT and Region Catchment Management Coordination Group we have participated in delivery of the ACT and Region Catchment Strategy with commitment to a five-year financial contribution for support for various community catchment group activities, H2OK communication program and a catchment decision-making tool.

CASE STUDY

Our commitment to the Sustainable Development Goals

We are committed to making a valuable contribution to the United Nations' Sustainable Development Goals (SDGs), as part of a national water industry commitment to these goals.

The SDG's define global development priorities for 2030 which seek to end poverty, protect the planet and ensure prosperity for all. We have taken a local perspective to the goals and on World Environment Day this year we were proud to launch our Sustainability Snapshot for 2019.

The 2019 Sustainability Snapshot features case studies of activities underway across the business that are contributing to the SDGs, including:

- embedding sustainability into all new capital projects
- improving energy efficiency and installing renewable energy generation
- building community partnerships
- a focus on waste recovery
- a continuing cultural shift in health and safety.





CASE STUDY

Turning our waste into clean water in Laos, Nepal and Timor-Leste

As part of our actions to reduce office waste and recover resources, we have a recycling hub collection point in our Mitchell office that collects bottles and cans for the ACT Container Deposit Scheme.

This encourages our staff to recycle certain plastic, glass and aluminium bottles in one central location and

reduce our waste to landfill. Eligible containers receive a refund of 10 cents, and Icon Water has chosen **Abundant Water** as our charity partner for the refunds.

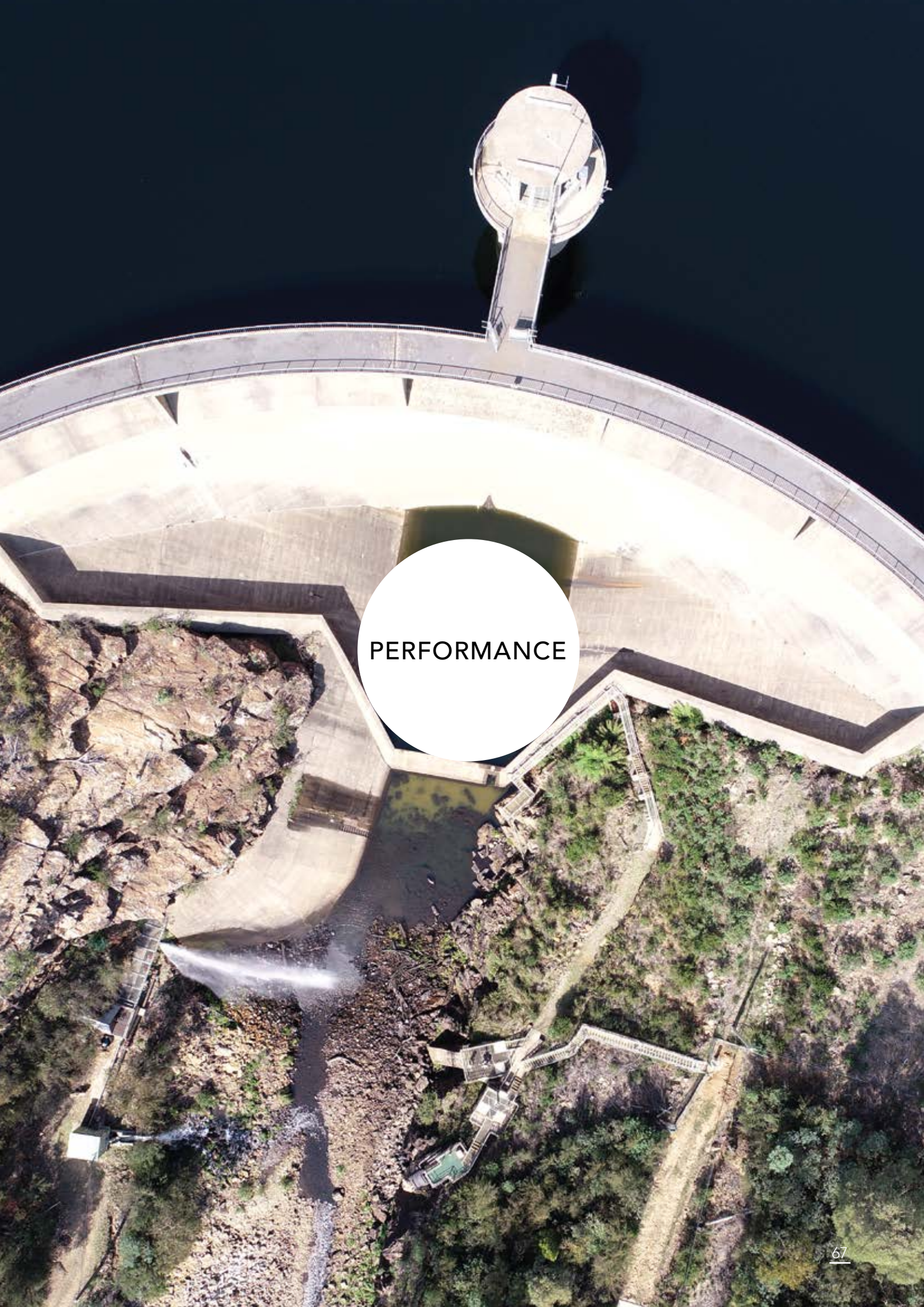
They are a Canberra-based charity that provides clean drinking water in Laos, Nepal and Timor-Leste. They have been in operation for 10

years and have installed over 4,000 filters enabling nearly 29,000 people to have access to clean drinking water. The recycling hub collection point was constructed by two of our staff who upcycled wood pallets that would have otherwise gone to waste.

Commissioner for Sustainability and the Environment

Work progressed to help inform the State of the Environment Report 2015–2018.

There were no investigations carried out by the Commissioner for Sustainability and the Environment with Icon Water in 2018–19.



PERFORMANCE



KEY PERFORMANCE OUTCOMES

For each of Icon Water’s three strategic objectives we have established performance indicators and targets to monitor and report on their achievement.

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 the Bureau of Meteorology).

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

Table 7: Performance outcomes for 2018 –19

| Strategic objectives | Performance indicator | Targets (30 June 2019) | Results 2018–19 |
|--|--|--|------------------|
| Build a safe, innovative and inclusive workplace | High Potential Incident (HPI) | 0 incidents | 2 |
| | Total Recordable Injury Frequency Rate (TRIFR) | 14 (being a 15% improvement over the 2017–18 outcome) | 8.3 |
| | Safety culture | Improved employee perceptions of organisational and manager commitment to safety (85% and 75% respectively) | 82% |
| | | | 81% |
| | Diversity and inclusion | Improved employee perceptions of organisational openness and commitment to diversity (65% and 68% respectively). | 64% |
| | Employee engagement | 60% of employees surveyed are moderately to highly engaged ¹ | +1% ² |

Table 7: Performance outcomes for 2018 –19

| Strategic objectives | Performance indicator | Targets (30 June 2019) | Results 2018–19 |
|--|--|---|-----------------|
| Deliver sustainable value for our community and shareholders | 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 ^{3*} | 135 minutes |
| | | Frequency of unplanned interruption – water (per 1000 properties): 63–127 ^{4*} | 81 |
| | | Water volume ⁵ to meet demand: 140–300ML/day | 145 ML/day |
| | Sewerage system reliability ⁶ | Number of sewer surcharges inside customer dwellings ≤15 | 10 |
| | | >95% of sewerage chokes restored within 6 hours ⁷ | 97% |
| | Sustainability embedded in capital works program | Sustainability infrastructure scorecard incorporated into 100% of capital projects over \$50,000 | 100% |
| | Waste to landfill | Reduction over prior year (2017–2018 was 2,679 tonnes) | 2,828 tonnes |
| | Environmental compliance | 100% compliance with environmental flow requirements, environmental authorisations and agreements | 100% |
| | Shareholder return | \$63.9m (profits available for dividends) | \$67.8m |
| | Earnings Before Interest and Tax (Water and Energy) | \$181.6m | \$187.9m |
| | Capital expenditure | +/-10% of \$102.6m | \$108.9m |
| | Gearing | ≤57% | 54% |
| Energy costs | ≤ \$5.1m (5% over quarterly forecast for our three key treatment plants) | \$5.7m | |
| Enhance the customer experience | Customer satisfaction | 90% of annual survey participants are satisfied with our overall service | 92% |
| | | < 5.0 total water and sewerage complaints (per 1000 properties) | 2.9 |
| | Net promoter score | 10% improvement over the 2017–2018 outcome (2017–2018 outcome was 7) | 18 |
| | Ease of doing business (EDB) | ≥ 50 | 17 |
| | Effective complaints management | A meaningful response to 100% of complaints within 20 business days | 98% |

1) This being the Australian and New Zealand average for utilities. 2)The survey methodology changed since the target was originally set, therefore the result is not comparable. The percentage of engaged employees rose from 25% in 2018 to 26% in 2019. 3) 2017–18 industry average is 134 minutes. 4) 2017–18 industry average is 160 (per 1000 properties). 5) Volume is total production by the water treatment plants and supply through the water supply system. 6) 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. 7) As required by the Consumer Protection Code 2012. * Data has been estimated from 24 May 2019 due to implementation of the asset and works management system which replaced a number of systems. May data was estimated using the average daily data for the last week of May. June data was estimated using data from the same period last year.



SUSTAINABLE DEVELOPMENT PERFORMANCE REPORTING

During the reporting period we generated less renewable energy from our hydroelectric turbines than the previous year.

This was because there was less rainfall and lower dam levels across the catchment, meaning less water through the turbines to generate electricity.

Renewable energy generation is expected to increase in the coming year because of new solar photovoltaic systems installed across the business.

The lower rainfall conditions required us to source some water from Cotter Dam (which has to be pumped out) rather than from Bendora Dam which uses a gravity feed. This resulted in a substantial increase in electricity use, associated with operating the Cotter pump station to pump water up to our Stromlo water treatment plant. A project is underway to improve the energy efficiency of these pumps.

Greenhouse gas emissions have continued to decrease due, in part, to the ACT Government delivery of renewable energy generation projects to meet their 100 per cent Renewable Energy Target.

An increase in waste to landfill has been reported in 2018–19. This

was due to increased maintenance waste created from unanticipated operational shutdowns at the Lower Molonglo Water Quality Control Centre and prolonged simultaneous use of both Googong and Stromlo water treatment plants.

An increase in recycled material resulted from a number of office clean-up activities. Organic material pickups have ceased and organics are now being composted and reused at our Mitchell office. A program is underway to extend our organics disposal beyond our workplace and support local community gardens in their composting endeavours.

We used 10 per cent less office paper during the year. This reflects the increased use of technology and messaging in the office to support a paperless culture.

Table 8: Sustainable development performance – current and previous financial year (2018–19)

| Indicator as at 30 June | Unit | Current FY | Previous FY | Percentage change |
|---|----------------|------------|-------------|-------------------|
| Staff | | | | |
| Staff | FTE | 408.95 | 397.3 | 2.9 |
| Stationary energy use | | | | |
| Electricity use | Kilowatt hours | 55,649,083 | 37,576,507 | 48.1 |
| Renewable electricity use | Kilowatt hours | 214,026 | 871,791 | -75.4 |
| Natural gas use | Megajoules | 1,097,502 | 960,384 | 14.3 |
| Transport fuel use | | | | |
| Total number of vehicles | Number | 136 | 133 | 2.3 |
| Total kilometres travelled | Kilometres | 2,432,370 | 2,239,400 | 8.6 |
| Fuel use – petrol | Kilolitres | 15.7 | 20.4 | -22.7 |
| Fuel use – diesel | Kilolitres | 412.5 | 398 | 3.6 |
| Fuel use – liquid petroleum gas (LPG) | Kilolitres | 0 | 0 | 0 |
| Fuel use – compressed natural gas (CNG) | Kilolitres | 0 | 0 | 0 |
| Water use | | | | |
| Water use | Kilolitres | 80,827 | 90,267 | -10.5 |
| Resource efficiency and waste | | | | |
| Reams of paper purchased | Reams | 1,741 | 1,944 | -10.4 |
| Recycled content of paper purchased* | Percentage | 88% | 80% | 8 |
| Waste to landfill | Tonnes | 2,828 | 2,679 | 5.6 |
| Co-mingled material recycled | Tonnes | 10.5 | 9.6 | 9.4 |
| Paper and cardboard recycled (incl. secure paper) | Tonnes | 37.60 | 34.6 | 8.7 |
| Organic material recycled | Tonnes | 0 | 0.2 | -100 |
| Greenhouse gas emissions | | | | |
| Emissions from stationary energy use ** | Tonnes CO2-e | 21,286 | 23,187 | -7.8 |
| Emissions from transport | Tonnes CO2-e | 1,220 | 1,189 | 2.6 |
| Total emissions | Tonnes CO2-e | 34,568 | 36,013 | -4 |

Table notes

- 2018–19 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.
- Water use data excludes direct water consumption at the Bunda Street office (where Icon Water occupies one floor of a commercial office building).
- 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 legacy, and project construction and demolition waste data.
- Total emissions also include stationary fuel oil, diesel and petrol emissions plus fugitive nitrous oxide emissions.

* 88 per cent of paper comprises 20 per cent recycled content or more. 100 per cent of paper purchased is carbon neutral.

** The published 2018–19 emissions from stationary energy use have been adjusted to reflect the use of ACT emissions factors for grid electricity used in the ACT. National Greenhouse and Energy Reporting emissions factors have been used for NSW grid electricity.



ACCOUNTABILITY



INTERNAL AUDIT

Our internal audit function provides an independent, objective assurance and consulting activity designed to add value and improve Icon Water's operations.

Our 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.

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.

The Risk and Assurance Committee provides 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 Risk and Assurance Committee meetings (including attendance) held in 2018–19 are provided in the Financial Reports.

In accordance with Icon Water's internal audit methodology, internal audit reports the following to the Risk and Assurance Committee on an ongoing basis:

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

RISK MANAGEMENT

As required by the established procedures, key risks are reported regularly to the Board and the Board's 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 is also reviewed to stay across emerging topics.



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 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, and 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. These schedules have been adopted and the reclassification of existing records due to repealed disposal schedules

will be completed by December 2019.

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

Table 9: Records disposal schedules – already implemented

| Function | Effective | Year and No. |
|---|-----------|--------------|
| Business development | 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 |

Table 10: Records disposal schedules – repealed

| Function | Effective | Year and No. |
|---------------------------------------|-----------|--------------|
| Community relations | 2011 | NI2011-84 |
| Compensation | 2012 | NI2012-183 |
| 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 |
| Strategic management | 2009 | NI2009-453 |
| Technology and telecommunications | 2015 | NI2015-361 |

BUSHFIRE RISK MANAGEMENT

Icon Water's Bushfire Operational Plan (BOP) for 2018–19 saw bushfire fuel hazard reduction works completed at four treatment plants, two major supply dams, 34 service reservoirs, three pump stations, three water mains and a number of other assets. All works involved physical or chemical removal of vegetation 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, 46 planned hazard reduction works were scheduled for 2018–19 with all except one completed within the specified timeframe.

Additionally, a number of our employees were trained in an accredited Basic Wildfire Awareness course, bringing the total number of trained employees to 111. 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.

CASE STUDY

Partnering to keep Canberra safe

On 19 December 2018 Icon Water and ACT Fire & Rescue signed a renewed fireflow agreement. The agreement provides assurance to firefighters that when they need to access the water supply network in an emergency, there will always be sufficient pressure and flow for them to continue their vital service to the community.



CASE STUDY

Protecting the Bendora gravity main

As part of Icon Water's Bushfire Operational Plan a key focus has been to remove undesirable vegetation for protection of the Bendora Gravity Main pipeline, our key infrastructure providing water supply to Canberra from the Bendora Dam. Vegetation was extremely dense with large mature trees and daunting undulating terrain. Despite these challenges, we completed

the clearance of woody vegetation along ~20 km of pipeline in 2019, to protect one of our key assets in heavily forested, remote and steep terrain. Works were undertaken sensitively over three years to maintain desirable grass vegetation cover for biodiversity and soil stability in the national park.





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 and continuity management function allows the implementation of a holistic approach to all training, testing and planning activities.

During 2018–19 Icon Water conducted 13 exercises. All 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.

FRAUD PREVENTION

Icon Water's fraud control plan includes a range of measures to prevent, detect and respond to incidents of fraud, corruption and unethical behaviour 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 and contractors.

During 2018–19, we investigated and resolved four allegations, two of which were unsubstantiated.

The remaining two allegations were substantiated and of a minor nature, which resulted in management action.

FREEDOM OF INFORMATION

Icon Water is a company wholly owned by the ACT Government, established under the *Corporations Act 2001*, and is subject to the *Freedom of Information Act 2016* (FOI Act 2016).

Icon Water's registered office is located in the central business district, is wheelchair accessible and central to public transport. Icon Water's principal place of business is located in Mitchell, ACT, and is wheelchair accessible.

Icon Water provides a telephone and web service to inform and educate the community about matters related to water and sewerage services, as well as other forms of public interaction and engagement, including sponsorships and customer satisfaction surveys. 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 iconwater.com.au/FOI. 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.

FOI requests 1 July 2018 to 30 June 2019

Icon Water received six requests for access to documents under section 30 of the FOI Act 2016 during the reporting period. Of the six applications, three were granted full access, two were partially released with names redacted for privacy, and one application was withdrawn.

All applications were processed within the required timeframe of 20 working days and at no cost to the applicants.

No applications were made to the Ombudsman under section 74 or to ACT Civil and Administrative Tribunal 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.



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*.

In September 2018, one complaint was made to the ACT Human Rights Commission. Icon Water responded to the complaint and an agreed resolution was achieved through a facilitated conciliation process. No formal hearing was required.

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 uses 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)*.

PUBLIC INTEREST DISCLOSURE

The *Public Interest Disclosure Act 2012* provides for 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.

LEGISLATIVE ASSEMBLY COMMITTEE INQUIRIES AND REPORTS

Select Committee on Estimates 2018–19 – Appropriation Bill 2018–2019 and appropriation (Office of the Legislative Assembly) bill 2018–2019 Report, July 2018.

| Recommendation No. and Summary | Action | Status |
|--|---|--------------------|
| <p>Recommendation 51</p> <p>The Committee recommends that the ACT Government and Icon Water publish the results of the audit into the Shared Services Agreements between ActewAGL and Icon Water.</p> <p>Government response</p> <p>Agreed. A report is being prepared on the findings of Icon Water's management audit of the services contracts with ActewAGL. Icon Water forecasts that the audit will be completed by the end of August 2018 and will then be presented to Icon Water's Risk and Assurance Committee. Once the report has been finalised, Icon Water will publish the results of the audit on its website.</p> | <p>A summary of audit findings is available on Icon Water's website at http://www.iconwater.com.au/About/Supplying-goods-or-services-to-Icon-Water/Service-Contracts.aspx</p> | <p>Completed</p> |
| <p>Recommendation 52</p> <p>The Committee recommends that Icon Water should undertake an independent market appraisal of the services provided in the Shared Services Agreements with ActewAGL.</p> <p>Government response</p> <p>Agreed in principle. Icon Water has commenced consideration of options for ongoing service requirements, in preparation for the 2023 expiry of the service contracts. Analysis of future service requirements and a sourcing strategy will be developed to determine whether to insource, outsource or apply a hybrid model for each of the services to best meet its business requirements.</p> | <p>Further information on the services contracts and the activities underway to support expiry in 2023 are available on Icon Water's website at http://www.iconwater.com.au/About/Supplying-goods-or-services-to-Icon-Water/Service-Contracts.aspx</p> | <p>In progress</p> |

AUDITOR-GENERAL AND OMBUDSMAN REPORTS

ACT Auditor-General's Report No. 12/2018 – 2017–2018 Financial Audits – Financial Results and Audit Findings, December 2018

| Recommendation No. and Summary | Action | Status |
|--|---|------------------|
| <p>Recommendation 3 (121)</p> <p>One audit finding during the 2017–18 Icon Water financial audit related to one employee who entered some manual journals which had not been evidenced as reviewed and approved by a separate person prior to entry into the accounting system.</p> | <p>Icon Water subsequently reviewed all manual journals processed during the financial year by the same person to ensure the supporting working papers were appropriate, accurate and complete.</p> | <p>Completed</p> |

There were no Ombudsman Reports relating to Icon Water during 2018–19.



FINANCIAL
REPORTS



FINANCIAL MANAGEMENT ANALYSIS

The following financial information is based on audited Financial Statements for 2018-19 and comparatives for the 2017-18 financial year.

Operating Result

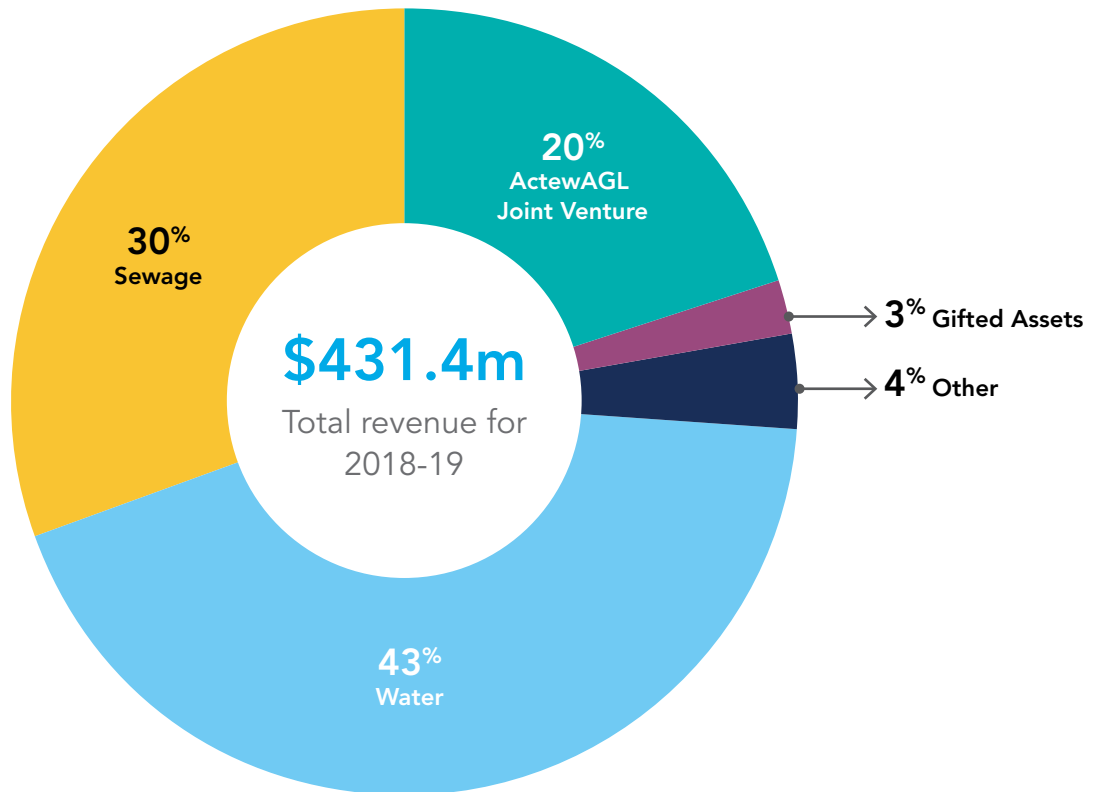
Icon Water recorded a net profit after tax for the year 2018-19 of \$87.1m (2017-18: \$107.7m).

The key factors that contributed to this lower performance compared to the prior year were:

- lower water and sewerage profit of \$32.3m which was mainly due to lower prices set by the regulator and higher depreciation expense.
- lower joint venture income of \$5.0m which was mainly attributable to reduced electricity and gas margins.

Revenue

During 2018-19 Icon Water derived \$431.4m in revenue and joint venture income. The components of this are depicted in the following graph:



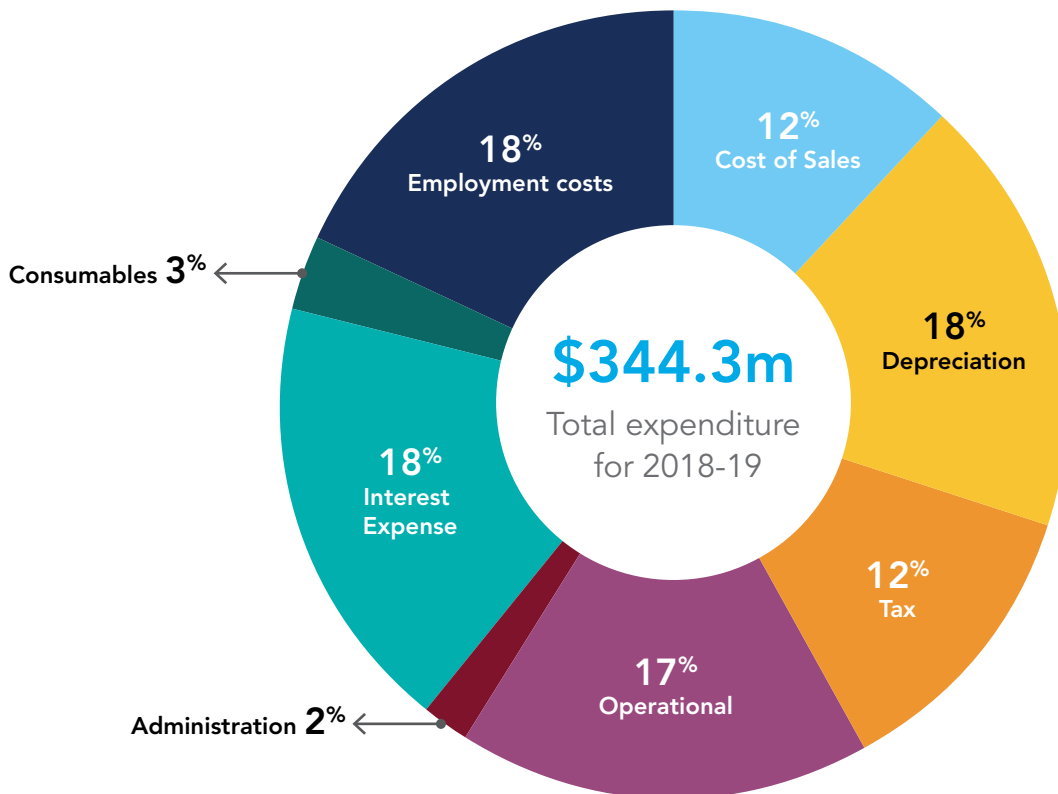
Comparison to 2017-18 total revenue

Total revenue of \$431.4m was \$23.6m lower than 2017-18. The main factors were:

- water revenue was \$14.1m lower than the prior year which was mainly attributable to lower prices set by the regulator.
- joint venture income was \$5.0m lower than the prior year which was mainly attributable to reduced electricity and gas margins.
- gifted asset revenue was \$4.8 lower than the prior year which was mainly due to lower Suburban Land Agency gifted assets.

Expenditure

During 2018-19 Icon Water incurred \$344.3m in expenditure. The components of this are depicted in the following graph:



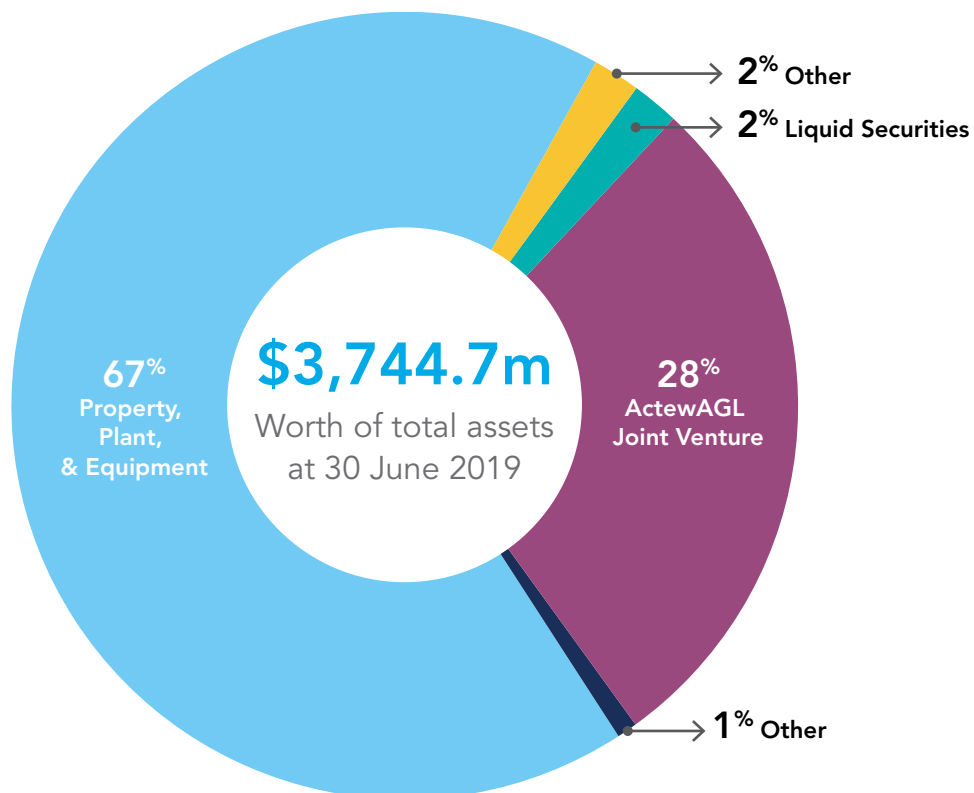
Comparison to 2017-18 total expenditure

Total expenditure was \$2.9m lower than 2017-18 mainly due to the following factors:

- Lower interest expense of \$10.8m primarily due to the low inflation rate on the inflation indexed bonds.
- A \$6.5m decrease in income tax equivalents expense which was driven by lower profit in 2018-19.
- Higher depreciation of \$11.7m which was primarily due to an asset revaluation in 2017-18.
- Higher electricity costs of \$3.9m due to increased pumping costs at Cotter Dam.

Assets

Icon Water has \$3,744.7m in assets at 30 June 2019. The components are as depicted in the following graph:

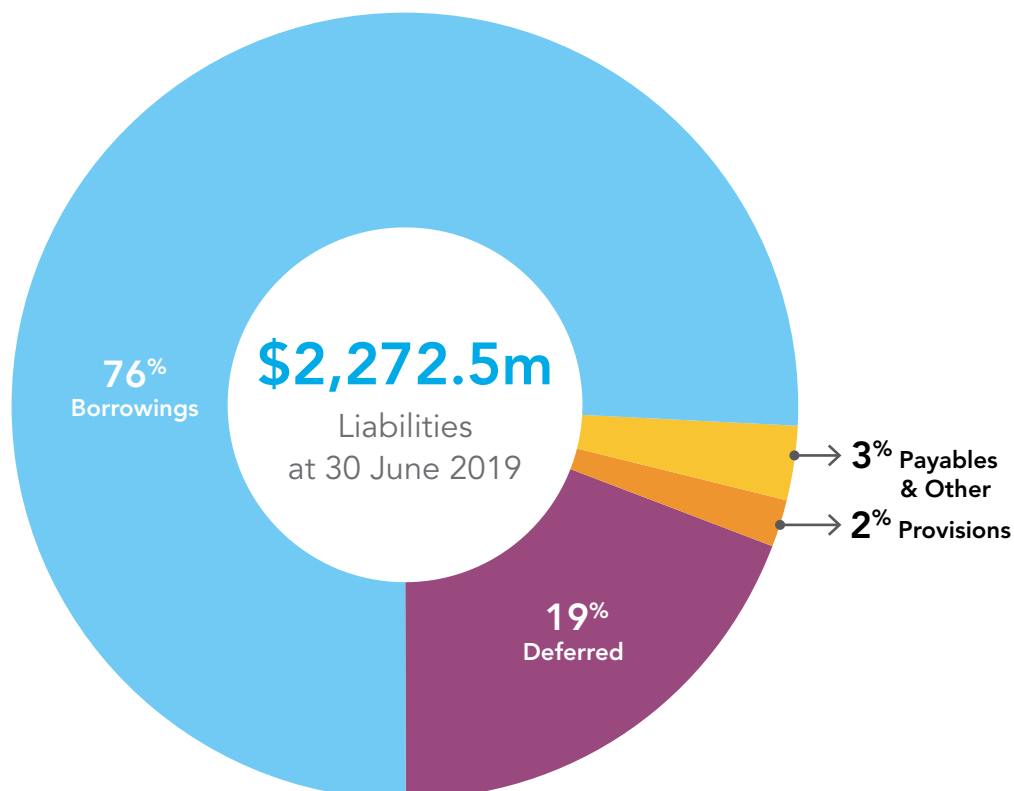


The major components are as follows:

- Property, plant and equipment totalling \$2,517.3m mainly consisting of Icon Water's water and sewerage infrastructure assets.
- Investment of \$1,031.7m in the ActewAGL Joint Venture, consisting of two separate operations, energy retailing and distribution.

Liabilities

Icon Water has \$2,272.5m in liabilities. The components are as depicted in the following graph:



The major components are as follows:

- Outstanding borrowings at 30 June 2019 are \$1,729.2m, a net increase of \$60.7m in the current financial year.
- Deferred tax (net) liability at 30 June 2019 of \$432.2m. 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 2018-19 included a dividend of \$71.3m and income tax equivalent payments of \$37.2m.



Icon Water Limited and
Controlled Entities

ABN 86 069 381 960

General Purpose

**ANNUAL FINANCIAL
REPORT**

For the year ended
30 June 2019

Icon Water Limited and Controlled Entities

ABN 86 069 381 960

Annual Financial Report for the year
ended 30 June 2019

| Contents | Page |
|---|------|
| Directors' report..... | 1 |
| Independent auditor's report..... | 9 |
| Auditor's independence declaration..... | 11 |
| Financial report..... | 12 |
| Consolidated statement of profit or loss..... | 12 |
| Consolidated statement of other comprehensive income..... | 13 |
| Consolidated statement of financial position..... | 14 |
| Consolidated statement of cash flows..... | 15 |
| Consolidated statement of changes in equity..... | 16 |
| Notes to the consolidated financial statements..... | 17 |
| Directors' declaration..... | 62 |

Directors' Report

The directors present the financial report of Icon Water Limited (Icon Water) and its controlled entities, hereafter referred to as the Group for the year ended 30 June 2019.

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, CIA, CGAP, FCA, GAICD

Carol Lilley was first 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 Distribution Investments Limited and Icon Retail Investments Limited in March 2017. Ms Lilley's appointment term was extended in November 2018 due to her specialist financial expertise and extensive knowledge of Icon Water's business. Ms Lilley was appointed as a Member of the ActewAGL Partnerships Board in October 2018 and resigned in April 2019.

internal audit and project and risk management, with a particular focus on government.

Ms Lilley is currently Chair or Member of several ACT Government Directorate Audit Committees (Chief Minister, Treasury and Economic Development; Education; Environment, Planning and Sustainable Development; Transport Canberra and City Services). She also has various governance roles for Commonwealth Government entities (including as a Member of the Audit Committees for the Department of Human Services and the Department of Home Affairs amongst others, and as an independent board Member for the Australian Financial Security Authority).

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 for nearly 20 years. Her experience is in financial statement audit,

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)

Ray Hezkial, Managing Director

B. Eng (Civil), DipPM, MBA

Appointed acting Chief Executive Officer 20 October 2018

Appointed Managing Director 29 November 2018

Ray Hezkial was appointed as a Member of the Boards of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in November 2018. Mr Hezkial is a Member of the Icon Water Remuneration Committee, and since April 2019 is a Member of the ActewAGL Partnerships Board.

Mr Hezkial joined Icon Water in 2003 and commenced as acting Chief Executive Officer in October 2018 and was appointed as Managing Director in November 2018. His role as Managing Director was confirmed in April 2019 after an open recruitment process.

In his previous role as General Manager, Infrastructure Services, Mr Hezkial was responsible for managing Icon Water's capital works program, provision of network operations and all aspects of day to day maintenance relating to the ACT's water and sewer reticulation systems. Prior to this, Mr Hezkial was the Project Manager for the Enlarged Cotter Dam.

Mr Hezkial has a Master of Business Administration, Diploma in Project Management, and Bachelor of Engineering (Civil).

John Knox, Managing Director

BFA, FCPA, MAICD

Resigned 11 November 2018

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

Mr Knox was 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 Partnerships Board.

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

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

Rachel Peck, Director

BEng (Civil) (Hons), MBA, 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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Board.

Ms Peck is Principal of peckvonhartel architects, an Advisory Board Member of the Australian Futures Project and Member of the Melbourne Development

Committee for the Australian Chamber Orchestra. 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. She is a Fellow of the Australian Institute of Company Directors.

Directors (continued)

Dr Thomas Parry AM, Director

BEC (Hons), MEd, PhD

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015 and is a Member of the Icon Water Board's Remuneration Committee. In March 2017 Dr Parry was appointed as Deputy Chair of the ActewAGL Partnerships Board, then as Chair from 19 December 2018. He is a Director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited 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).

From 2004-2009 he had several roles with Macquarie Bank and for the previous 12 years he was the Foundation Executive Chair of the Independent Pricing and Regulatory Tribunal of NSW (IPART), and its predecessor for the Government Pricing Tribunal - the first utility regulator in Australia. Dr Parry was a Director

of ASX-Compliance (the regulatory arm of the Australian Securities Exchange) from 2007-2017. 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.

Abigail Goldberg, Director

BSc (TRP hons), MURbDes, MBA (Executive), FPIA, 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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Limited Board.

Ms Goldberg is a Non-Executive Director of Reflections Holiday Parks (previously Crown Lands Holiday Park Trust, NSW) and Frontier SI (Digitisation and Spatial Mapping, Vic). She is also the Chair of the Audit and Risk Committee for both businesses.

In 2018 Ms Goldberg completed the full term as a Commissioner at the NSW Independent Planning Commission, the decision-making body responsible for major and state significant projects in NSW. She now Chairs the Independent Hearing Assessment Panels for both the City of Ryde and Willoughby Council and is an alternate Chair for the panel for the City of Sydney. She is also an alternate Member for the NSW Joint Regional

Planning Panels. In addition Ms Goldberg is a Gateway Reviewer for the NSW Treasury and Infrastructure NSW.

Ms Goldberg is Executive Chair of GoldbergBlaise, a boutique consultancy providing advice to the infrastructure, planning, housing, tourism and transport sectors, and an Associate of the Institute for Public Policy and Governance, University of Technology, Sydney. She has held a number of executive positions, including Chief Executive Officer, 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 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).

Directors (continued)

Brett Tucker, Director

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

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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Limited Board.

Mr Tucker has more than 27 years of professional experience, including Non-Executive Director, Managing Director and Chief Executive roles in public and private sector water and energy utilities.

Mr Tucker currently owns and operates Blackwatch Consulting, a business providing high level strategy,

governance and technical advice to government and private sector corporations, industry groups and project teams. He is also 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. Brett was awarded a Churchill Fellowship in 1998 and is a Member of the Australian Institute of Company Directors.

Dorte Ekelund, Director

BURP (Hons), MBA, FPIA, 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 as well as a Director of the 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, a director on the Board of the Committee for Sydney, and a 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 landuse 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 COAG Energy Senior Officials and oversight of significant policy initiatives and investment in renewables. Ms Ekelund has also been the ACT member of the Murray-Darling Basin Officials Group.

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

Company Secretary

Jane Breden

BBus, MSc, MMgsST, GCProfWrtg, GCPerfAudt

Jane Breden, General Manager Business Services, joined Icon Water in 2014 and has 20 years' experience in project management, consulting and governance services in both the public and private sectors.

From March 2019, Ms Breden has acted as the alternate company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail

Investments Limited. Prior to this, she acted as company secretary of all three entities from July 2016.

Ms Breden holds a Master of Science (Operations Research and Statistics), Master of Management Studies in Project Management, Bachelor of Business, Graduate Certificate in Professional Writing and a Graduate Certificate in Performance Audit.

Alison Pratt

B.Ec, LLB (Hons), GDLP, MAICD

Alison Pratt, General Counsel, was appointed as the company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in March 2019, and held the position of alternate company secretary prior to this. Ms Pratt worked in private commercial legal practice in Australia and the United Kingdom prior to joining Icon Water in 2013.

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.

Meetings of directors

Details of directors' attendance at meetings are outlined below.

| | Icon Water Board | | Risk and Assurance Committee | | Remuneration Committee | |
|--------------------|------------------|---|------------------------------|---|------------------------|---|
| | A | B | A | B | A | B |
| Wendy Caird | 7 | 7 | - | - | 3 | 3 |
| Carol Lilley | 7 | 7 | 6 | 6 | 3 | 3 |
| Ray Hezkial | 4 | 4 | - | - | 0 | 2 |
| John Knox | 2 | 2 | - | - | 1 | 1 |
| Rachel Peck | 7 | 7 | 5 | 6 | 3 | 3 |
| Dr Thomas Parry AM | 5 | 7 | - | - | 0 | 3 |
| Abigail Goldberg | 6 | 7 | 5 | 6 | 3 | 3 |
| Brett Tucker | 6 | 7 | 6 | 6 | 1 | 3 |
| Dorte Ekelund | 7 | 7 | - | - | 3 | 3 |

A = Number of meetings attended

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

Principal activities

Icon Water is an unlisted public company whose primary business is the delivery of water, sewerage and associated services. Icon Water owns and operates the ACT's network of dams, water treatment plants, sewage treatment plants, reservoirs, water and sewage pumping stations, mains and other related infrastructure. Icon Water is owned by the ACT Government and has two voting shareholders, the Chief Minister and the Minister for the 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.

| | 2019 | 2018 |
|--|----------------|----------|
| | \$'000 | \$'000 |
| Revenue and other income | 342,977 | 361,572 |
| Share of net profit from joint venture partnerships | 88,403 | 93,374 |
| Total revenue and share of net profit from ActewAGL partnerships | 431,380 | 454,946 |
| Profit before income tax expense | 127,669 | 154,794 |
| Income tax equivalents expense | (40,604) | (47,106) |
| Profit for the year | 87,065 | 107,688 |
| Payments to the ACT Government: | | |
| Interim dividend for current year profit | 56,440 | 74,708 |
| Final dividend for previous year profit | 14,873 | 19,151 |
| | 71,313 | 93,859 |
| Tax equivalents payments | 37,168 | 42,218 |
| Total payments to the ACT Government | 108,481 | 136,077 |

Dividends

A final dividend for the 2017-18 financial year was paid in October 2018 of \$14.9 million (2017: \$19.2 million). An interim dividend of \$56.4 million (2018 interim dividend: \$74.7 million) was paid in June 2019. The directors expect to declare a 2018-19 final dividend of \$11.3 million (2017-18 final dividend: \$14.9 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 2019 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.

Likely developments and expected results of operations

There are no likely developments in Icon Water's operations that were not finalised at the date of this report.

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 | |
|--|------------|--------|
| | 2018-19 | Target |
| Googong pollution control licence compliance | 100% | 100% |
| Sewerage treatment discharge compliance | 100% | 100% |
| Sewerage treatment emission compliance | 100% | 100% |

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

Licence to Take Water

Issued by the ACT Environment Protection Authority (EPA) under the *Water Resources Act 2007*, the 'Licence to Take Water' provides for taking of water covered by water access entitlements and the protection of environmental flows. Icon Water provided the 2017-18 annual report to the EPA on 31 October 2018. Icon Water complied with the requirements of the licence throughout 2018-19. 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 2018-19. Icon Water complied with the requirements of the licence throughout 2018-19.

Insurance of officers and directors

During the year, Icon Water paid a premium of \$143,074 (30 June 2018: \$134,461) 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 2018-19 financial year.

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*.

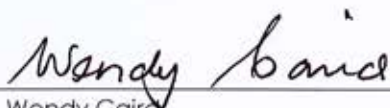
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

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.



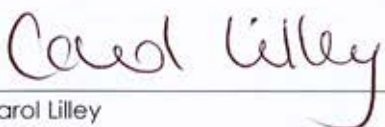
Wendy Caird
Chair

Canberra
28 August 2019



Ray Hezkial
Managing Director

Canberra
28 August 2019



Carol Lilley
Risk and Assurance Committee, Chair

Canberra
28 August 2019

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial report of Icon Water Limited and Controlled Entities (the Group) for the year ended 30 June 2019 which 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, directors' declaration and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report:

- (i) presents fairly, in all material respects, the Group's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended; and
- (ii) is presented in accordance with the *Corporations Act 2001* and comply with Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements and other mandatory financial reporting requirements in Australia.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of this report.

I am independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Group for 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 relevant 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.

Auditor's responsibilities for the audit of the financial report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Group's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group;
- conclude on the appropriateness of the Group's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

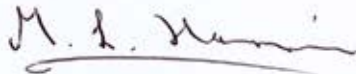
I communicate with the directors of the Group regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Michael Harris
Auditor-General
30 August 2019

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

In relation to the audit of the financial report of Icon Water Limited and Controlled Entities for the year ended 30 June 2019, 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.

A handwritten signature in black ink, appearing to read 'M. Harris', with a horizontal line underneath.

Michael Harris
Auditor-General
30 August 2019

Consolidated statement of profit or loss

| | Note | 2019 \$'000 | 2018 \$'000 |
|---|------|-----------------|-----------------|
| Continuing operations | | | |
| Revenue from contracts with customers | 3a | 338,525 | 356,879 |
| Cost of providing goods and services | 4a | (241,223) | (227,938) |
| Other income | | 3,289 | 2,103 |
| Operating profit | | 100,591 | 131,044 |
| Finance income | 4b | 1,163 | 2,590 |
| Finance costs | 4b | (61,362) | (72,214) |
| Finance costs – net | | (60,199) | (69,624) |
| Impairment loss | | (1,126) | - |
| Share of net profit of joint venture partnerships accounted for using the equity method | | 88,403 | 93,374 |
| Profit before income tax equivalents expense | | 127,669 | 154,794 |
| Income tax equivalents expense | 5a | (40,604) | (47,106) |
| Profit for the year | | 87,065 | 107,688 |
| Profit is attributable to: | | | |
| Owners of Icon Water Limited and Controlled Entities | | 87,065 | 107,688 |

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

Consolidated statement of other comprehensive income

| | Note | 2019 \$'000 | 2018 \$'000 |
|---|------|----------------|----------------|
| Profit for the year | | 87,065 | 107,688 |
| Other comprehensive income | | | |
| Property, plant and equipment revaluation increment | 8d | 13,579 | 178,085 |
| Income tax relating to components of other comprehensive income | 5a | (4,074) | (53,425) |
| Items that will not be reclassified subsequently to profit or loss | 9b | 9,505 | 124,660 |
| Total comprehensive income for the year | | 96,570 | 232,348 |
| Comprehensive income is attributable to: | | | |
| Owners of Icon Water Limited and Controlled Entities | | 96,570 | 232,348 |

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

Consolidated statement of financial position

| | Note | 2019 \$'000 | 2018 \$'000 |
|---|------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7a | 54,700 | 32,596 |
| Investments at amortised cost | 7b | 10,000 | 33,000 |
| Trade receivables | 7c | 28,779 | 29,564 |
| Other financial assets | 7d | 8,777 | 8,601 |
| Contract assets | 3b | 19,168 | 25,602 |
| Prepayments | 8a | 3,622 | 2,847 |
| Inventories | 8b | 4,196 | 4,337 |
| Total current assets | | 129,242 | 136,547 |
| Non-current assets | | | |
| Other financial assets | 7d | 26 | 709 |
| Prepayments | 8a | 9,868 | 12,241 |
| Investments accounted for using the equity method | 8c | 1,031,716 | 1,002,313 |
| Property, plant and equipment | 8d | 2,517,330 | 2,468,923 |
| Investment properties | 8e | 12,000 | 6,841 |
| Intangible assets | 8f | 44,524 | 25,143 |
| Total non-current assets | | 3,615,464 | 3,516,170 |
| Total assets | | 3,744,706 | 3,652,717 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 7e | 57,548 | 53,173 |
| Current tax payable | | 7,201 | 3,045 |
| Contract liabilities | 3b | 6,084 | 5,024 |
| Borrowings | 7f | 328,283 | 26,825 |
| Provisions | 8h | 33,853 | 39,735 |
| Total current liabilities | | 432,969 | 127,802 |
| Non-current liabilities | | | |
| Borrowings | 7f | 1,400,966 | 1,641,652 |
| Provisions | 8h | 6,369 | 10,635 |
| Other payables | 7e | - | 369 |
| Deferred tax balances | 8i | 432,213 | 428,860 |
| Total non-current liabilities | | 1,839,548 | 2,081,516 |
| Total liabilities | | 2,272,517 | 2,209,318 |
| Net assets | | 1,472,189 | 1,443,399 |
| Equity | | | |
| Share capital | 9a | 758,871 | 758,871 |
| Reserves attributable to the owners | 9b | 520,768 | 511,263 |
| Retained profits attributable to the owners | | 192,550 | 173,265 |
| Total equity | | 1,472,189 | 1,443,399 |

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

Consolidated statement of cash flows

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 338,239 | 345,566 |
| Payments to suppliers and employees (inclusive of GST) | | (184,208) | (173,452) |
| | | 154,031 | 172,114 |
| Interest received | | 1,237 | 2,455 |
| Income tax equivalents paid | | (37,168) | (42,218) |
| Interest paid | | (66,863) | (73,876) |
| Net cash inflow from operating activities | | 51,237 | 58,475 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (79,561) | (89,750) |
| Payments for intangible assets | | (19,759) | (15,025) |
| Proceeds from sale of assets | | 103 | 9 |
| Joint venture partnership distributions received | | 59,000 | 66,500 |
| Proceeds / (payments) for cash investments | | 23,000 | (23,000) |
| Net cash (outflow) from investing activities | | (17,217) | (61,266) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 84,310 | 546,430 |
| Repayment of borrowings | | (24,812) | (465,440) |
| Finance lease payments | | (101) | (101) |
| Dividends paid | 6 | (71,313) | (93,859) |
| Net cash (outflow) from financing activities | | (11,916) | (12,970) |
| Net increase / (decrease) in cash and cash equivalents | | 22,104 | (15,761) |
| Cash and cash equivalents at the beginning of the financial year | | 32,596 | 48,357 |
| Cash and cash equivalents at end of the financial year | 7a | 54,700 | 32,596 |

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.

Consolidated statement of changes in equity

| | Note | Share capital \$'000 | Retained profits \$'000 | General insurance reserve \$'000 | Asset revaluation reserve \$'000 | Total equity \$'000 |
|---|------|-------------------------|----------------------------|-------------------------------------|-------------------------------------|------------------------|
| 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 | 6 | - | (89,581) | - | - | (89,581) |
| Balance at 30 June 2018 | | 758,871 | 173,265 | - | 511,263 | 1,443,399 |
| Balance at 1 July 2018 | | 758,871 | 173,265 | - | 511,263 | 1,443,399 |
| Profit for the year | | - | 87,065 | - | - | 87,065 |
| Other comprehensive income | | - | - | - | 9,505 | 9,505 |
| Total comprehensive income for the year | | - | 87,065 | - | 9,505 | 96,570 |
| Transactions with owners in their capacity as owners: | | | | | | |
| Dividends provided for or paid | 6 | - | (67,780) | - | - | (67,780) |
| Balance at 30 June 2019 | | 758,871 | 192,550 | - | 520,768 | 1,472,189 |

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

Notes to the consolidated financial statements

How the numbers are calculated

1. Significant accounting policies
2. Segment information
3. Revenue from contracts with customers
4. Expense items
5. Income tax equivalents expense
6. Dividends
7. Financial assets and financial liabilities
8. Non-financial assets and non-financial liabilities
9. Equity
10. Auditor's remuneration

Group structure

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

Unrecognised items

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

Key management personnel and related parties

17. Key management personnel disclosures
18. 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 from contracts with customers
 4. Expense items
 5. Income tax equivalent expense
 6. Dividends
 7. Financial assets and financial liabilities
 8. Non-financial assets and non-financial liabilities
 9. Equity
 10. Auditor's remuneration

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'). The financial statements are presented in the Australian currency (AUD).

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) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial report of the Group complies with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) 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.

(iii) New and amended accounting standards adopted by the Group

The Group has applied AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* for the first time for the annual reporting period commencing 1 July 2018. The Group had to change its accounting policies following the adoption of AASB 9 and AASB 15 as described in note 3, note 4 and note 7 however this change did not have a material impact on the amounts disclosed in the financial statements.

The adoption of all other 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.

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

AASB 16 *Leases* will result in most leases being recognised on the statement of financial position, 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 primarily affect the accounting for the Group's operating leases.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of \$12.7 million (note 15) which will be recognised on the statement of financial position.

The Group expects to recognise right-of-use assets of approximately \$11.9 million on 1 July 2019, lease liabilities of approximately \$11.9 million and deferred tax assets of approximately \$3.6 million. Overall net assets will be approximately \$3.6 million higher, and net current assets will be approximately \$2.8 million lower due to the presentation of a portion of the liability as a current liability.

The Group will apply the standard from 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

1. Significant accounting policies (continued)

a) Basis of preparation (continued)

(v) *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.

(vi) *Going concern*

The consolidated financial statements have been prepared on a going concern basis. At 30 June 2019, current liabilities exceeds current assets by \$303.7 million. Included in current liabilities is a medium term note of \$214.8 million maturing in May 2020, a short term commercial paper of \$84.3 million maturing in November 2019, and an indexed annuity bond of \$29.1 million maturing in April 2020. Management's intention is to replace any loans requiring refinancing with a long term borrowing from the ACT Government. The deficiency in current assets is also able to be managed by the Group's ability to generate profits (as evidenced by current and prior year results) as well as generating positive cash inflows from operating activities. The directors of Icon Water are of the opinion that the Group has adequate resources to continue as a going concern and pay its debts as and when they fall due and payable.

b) Rounding of amounts

Icon Water is a company of the 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:

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

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

Investments - 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 2019

| | 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 | 184,715 | 130,502 | 88,403 | - | 403,620 |
| Other revenue | 1,699 | 1,590 | - | 1,163 | 4,452 |
| Commonwealth subvention | 1,116 | 11,163 | - | - | 12,279 |
| Gifted assets | 4,713 | 6,316 | - | - | 11,029 |
| Total segment revenue | 192,243 | 149,571 | 88,403 | 1,163 | 431,380 |
| Interest expense | - | - | - | 61,362 | 61,362 |
| Segment result before tax expense | 46,588 | 53,357 | 87,923 | (60,199) | 127,669 |
| Income tax equivalents expense | | | | | 40,604 |
| Profit for the year | | | | | 87,065 |
| Statement of financial position | | | | | |
| Segment assets | 1,613,992 | 1,027,937 | 1,037,949 | 64,828 | 3,744,706 |
| Segment liabilities | 187,882 | 185,942 | 162,843 | 1,735,850 | 2,272,517 |
| Investments in joint venture partnerships | - | - | 1,031,716 | - | 1,031,716 |
| Other | | | | | |
| Acquisition of property, plant and equipment (including gifted assets) | 34,022 | 59,577 | - | - | 93,599 |
| Acquisition of intangible assets | 10,692 | 9,610 | - | - | 20,302 |
| Depreciation and amortisation | 40,147 | 21,046 | - | - | 61,193 |

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 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 | 198,842 | 130,208 | 93,374 | - | 422,424 |
| Other revenue | 1,215 | 888 | - | 2,590 | 4,693 |
| Commonwealth subvention | 1,089 | 10,890 | - | - | 11,979 |
| 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 |

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 from contracts with customers

a) Revenue related to contracts with customers

| | 2019 \$'000 | 2018 \$'000 |
|--------------------------------|----------------|----------------|
| Australia | | |
| Water revenue | 182,695 | 196,524 |
| Sewerage revenue | 129,848 | 129,504 |
| Commonwealth subvention | 12,279 | 11,979 |
| Gifted assets | 11,029 | 15,850 |
| Other water related revenue | 2,020 | 2,318 |
| Other sewerage related revenue | 654 | 704 |
| | 338,525 | 356,879 |

Accounting policy

Some of the revenues above have been reclassified from other income on adoption of AASB 15 *Revenue from Contracts with Customers*. There was no impact on the carrying amount.

Water and sewerage revenue

Water and sewerage revenue relates to the provision of drinking water and waste water services to customers and is recognised over time as the performance obligation is satisfied, as customers simultaneously receive and use the services provided. The transaction price includes a supply charge and a consumption charge. The prices are set by the regulator and the revenue is billed quarterly and accrued for when unbilled (see critical accounting estimate below). The amount of revenue that Icon Water recognises reflects the right to consideration from customers at an amount that corresponds directly with the value transferred to the customer for the performance completed to date. The Group elected to use the practical expedient 'right to invoice' available in AASB 15 for these revenues as the Group recognises revenue at the amount for which the Group has the right to invoice the customer. No element of financing is deemed present as the invoices are issued with a credit term of 21 days.

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. Icon Water's performance obligation is satisfied over time, consistent with the provision of providing drinking water and waste water services to customers. As revenue is received in equal instalments throughout the year, no element of financing is deemed present.

Gifted assets

Gifted asset revenue is derived from water and sewerage infrastructure assets which are gifted to Icon Water. These assets may include water and sewerage pipes, fittings, hydrants, valves and manholes. Icon Water's performance obligation is to accept the gifted assets and revenue is recognised at the point in time when the Group gains control of the asset. The transaction price used to recognise revenue has been measured as the replacement cost of the asset (refer to note 8(d)).

Other water and sewerage related revenue

Other water and sewerage related revenue relates to trade waste services and regulated external services provided to customers which are not water and wastewater services. Revenue from these sales is recognised based on the price specified in the contract. Icon Water's performance obligation is met at a point in time when the services have been provided. No element of financing is deemed present as the invoices are issued with a credit term of 21 days or are payable prior to the services being performed.

3. Revenue from contracts with customers (continued)

a) Revenue related to contracts with customers (continued)

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 2019 accrual amount was \$14.8 million (30 June 2018: \$20.2 million) and is reflected in note 3(b) below. Management has determined that it is highly probable that a significant reversal of the accrued revenue will not occur in future periods. This is because Icon Water has satisfied its performance obligation for the accrued revenue, the prices have been set by the regulator and revenue is billed for quarterly.

b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Current asset | | |
| Trade receivables (Refer note 7(c)) | 28,779 | 29,564 |
| Total trade receivables | 28,779 | 29,564 |
| Current asset | | |
| Accrued revenue relating to water supply contracts | 17,372 | 23,309 |
| Other accrued revenue (i) | 1,796 | 2,293 |
| Total contract assets | 19,168 | 25,602 |
| Current liability | | |
| Revenue received in advance relating to water and sewerage supply contracts | 6,084 | 5,024 |
| Total contract liabilities | 6,084 | 5,024 |

(i) Other accrued revenue consists mostly of accrued community service obligations revenue for the June quarter of \$1.8 million (30 June 2018: \$1.9 million).

Accounting policy

The Group has included the separate disclosure of contract assets and contract liabilities in the statement of financial position to reflect the requirements of *AASB 15 Revenue from Contracts with Customers*. Contract assets recognised in relation to water revenue were previously reflected in trade and other receivables. The contract asset is an estimated accrual for water consumed but not yet billed (refer to note 3a). The community service obligation revenue accrual is for water consumed by community service organisations but not yet billed.

The contract liabilities recognised are in relation to water and sewerage revenue received in advance from customers, where the Group has not yet provided the services. Contract liabilities were previously recognised in trade and other payables.

4. Expense items

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

a) Breakdown of expenses by nature

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Cost of providing goods and services | | |
| Employment and associated costs | 60,571 | 55,652 |
| Depreciation and amortisation expense | 61,193 | 49,490 |
| Operational costs | 101,868 | 103,149 |
| Consumables used | 10,513 | 8,789 |
| Other expenses | 7,078 | 10,858 |
| | 241,223 | 227,938 |

b) Finance income and costs

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Finance income | | |
| Interest from financial assets not at fair value through profit or loss | 1,163 | 2,590 |
| Finance income | 1,163 | 2,590 |
| Finance costs | | |
| Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss | 67,805 | 76,491 |
| Provisions: unwinding of discount | 328 | 80 |
| | 68,133 | 76,571 |
| Amount capitalised | (6,771) | (4,357) |
| Finance costs expensed | 61,362 | 72,214 |
| Net finance costs | 60,199 | 69,624 |

Accounting Policy

Finance income

Interest income on financial assets at amortised cost is calculated using the effective interest method (which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument) by applying the effective interest rate to the gross carrying amount of a financial asset.

Total interest income on financial assets that are measured at amortised cost for the year was \$1.2 million.

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

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Current tax | | |
| Current tax equivalents expense recognised in the current year | 41,060 | 41,575 |
| Adjustment to prior year (i) | 265 | (2,200) |
| | 41,325 | 39,375 |
| Deferred tax | | |
| Deferred tax equivalents expense recognised in the current year | (3,498) | 5,601 |
| Adjustments to deferred tax for prior periods (i) | 2,777 | 2,130 |
| | (721) | 7,731 |
| Income tax equivalents expense | 40,604 | 47,106 |
| Current tax – credited directly to equity | 4,074 | 53,425 |
| | 44,678 | 100,531 |

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

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Profit from continuing operations before income tax expense | 127,669 | 154,794 |
| Tax at the Australian tax rate of 30% (2017-18: 30%) | 38,301 | 46,438 |
| Other items: | | |
| – Inter-company dividends | (144) | (144) |
| – Non-assessable income | (1,754) | (83) |
| – Non-deductible expenses | 1,190 | 985 |
| – Share of joint venture profits and partner share of profits | (31) | (21) |
| – Adjustments for income tax expense of prior periods (i) | 3,042 | (100) |
| – Other | - | 31 |
| Income tax equivalents expense | 40,604 | 47,106 |

- (i) Adjustments to prior year for the current period relates to differences between the 2017-18 financial statements and the 2017-18 income tax return. The net adjustment of the current and deferred tax is \$3.0 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 *Taxation (Government Business Enterprises) Act 2003*.

Tax effect accounting procedures are followed whereby the income tax equivalents 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

| | 2019 | 2018 |
|---|---------------|----------|
| | \$'000 | \$'000 |
| Dividends payable at the beginning of the financial year | 14,873 | 19,151 |
| Amount appropriated from operating profit | 67,780 | 89,581 |
| | 82,653 | 108,732 |
| Amount paid during the year | (71,313) | (93,859) |
| Dividends payable at the end of the financial year | 11,340 | 14,873 |

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

| | 2019 \$'000 | 2018 \$'000 |
|--------------------------|----------------|----------------|
| Current assets | | |
| Cash at bank and on hand | 17,700 | 10,596 |
| Short-term deposits | 37,000 | 22,000 |
| | 54,700 | 32,596 |

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) Investments at amortised cost

| | 2019 \$'000 | 2018 \$'000 |
|-----------------------|----------------|----------------|
| Current assets | | |
| Short-term securities | 10,000 | 33,000 |
| | 10,000 | 33,000 |

Changes in accounting policy

The above investments have been reclassified to investments at amortised cost on adoption of AASB 9 *Financial Instruments*. In the prior year financial statements it was classified as held-to-maturity investments. There was no impact on the carrying amount.

The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest. Investments at amortised cost with maturities of less than 12 months from the end of the reporting period are classified as current assets.

7. Financial assets and financial liabilities (continued)

c) Trade receivables

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Current assets | | |
| Water revenue receivables | 16,878 | 16,927 |
| Sewerage revenue receivables | 11,628 | 12,289 |
| Other trade receivables (i) | 637 | 946 |
| Allowance for impairment of receivables (ii) | (364) | (598) |
| | 28,779 | 29,564 |

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

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

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| At the beginning of the financial year | 598 | 948 |
| Provision for impairment recognised/(reversed) during the year | (95) | (280) |
| Receivables written off during the year as uncollectible | (139) | (70) |
| At the end of the financial year | 364 | 598 |

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 amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 21 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

The Group recognises a loss allowance for all trade receivables and contract assets. The loss allowance is calculated based on the simplified approach outlined in AASB 9 which requires that the Group recognises lifetime expected credit losses. The Group notes that the impact on transition from application of the expected credit loss model of AASB 9 is not material.

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.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. This model provided for bad debts when there was evidence suggesting that collection of the full amount was no longer probable.

7. Financial assets and financial liabilities (continued)

d) Other financial assets

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Current assets | | |
| Employee entitlement receivable – related parties | 6,233 | 6,384 |
| Other receivables | 2,544 | 2,217 |
| | 8,777 | 8,601 |
| Non-current assets | | |
| Other receivables | 26 | 709 |
| | 26 | 709 |

Accounting policy

The above assets have been reclassified to other financial assets at amortised cost on adoption of AASB 9 *Financial Instruments*, as the Group holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. In the prior year financial statements the assets were classified as trade and other receivables. There was no impact on the carrying amount.

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.

Current other receivables

This includes GST and interest receivable which are receivable within one year from the end of the reporting period.

7. Financial assets and financial liabilities (continued)

e) Trade and other payables

| | 2019 | | | 2018 | | |
|------------------------------------|-------------------|-----------------------|-----------------|-------------------|-----------------------|-----------------|
| | Current \$'000 | Non-current \$'000 | Total \$'000 | Current \$'000 | Non-current \$'000 | Total \$'000 |
| Trade payables | 6,385 | - | 6,385 | 5,967 | - | 5,967 |
| Other payables and accruals (i) | 51,163 | - | 51,163 | 47,206 | 369 | 47,575 |
| | 57,548 | - | 57,548 | 53,173 | 369 | 53,542 |

- i) Other payables and accruals include the current finance lease liability. Finance lease commitments are detailed in note 15(iv).

Accounting policy

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method. They represent liabilities for goods and services provided to the Group 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Other payables and accruals - leases

Icon Water leases a heavy vehicle with a carrying amount of \$0.6 million (2018: \$0.6 million) under finance lease which expires within one year. Leases are recognised at amortised cost and 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

| | 2019 \$'000 | 2018 \$'000 |
|--------------------------------|------------------|------------------|
| Current liabilities | | |
| Unsecured loans | 328,283 | 26,825 |
| | 328,283 | 26,825 |
| Non-current liabilities | | |
| Unsecured loans | 1,400,966 | 1,641,652 |
| | 1,400,966 | 1,641,652 |
| Total borrowings | 1,729,249 | 1,668,477 |

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

| Instrument | Balance (million) | Yield | Maturity (years) | Start Date | Maturity Date |
|--------------|-------------------|-------|------------------|---------------|------------------|
| SCP | \$84.3 | 1.66 | 1 | 15 May 2019 | 11 November 2019 |
| IAB | \$29.1 | 3.66 | 1 | 17 April 2000 | 17 April 2020 |
| MTN | \$214.8 | 4.33 | 1 | 22 May 2012 | 22 May 2020 |
| MTN | \$99.1 | 4.22 | 5 | 22 May 2014 | 22 May 2024 |
| MTN | \$123.8 | 2.66 | 7 | 23 May 2016 | 21 May 2026 |
| MTN | \$470.8 | 3.25 | 8 | 18 April 2018 | 18 April 2028 |
| CIB | \$297.0 | 3.72 | 11 | 17 June 2010 | 17 June 2030 |
| IAB | \$308.2 | 4.21 | 29 | 12 June 2008 | 12 June 2048 |
| IAB | \$102.1 | 5.74 | 29 | 12 June 2009 | 12 June 2048 |
| Total | \$1,729.2 | | | | |

Accounting policy

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

CIBs 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 IABs, 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 4b.

7. Financial assets and financial liabilities (continued)

g) Accounting policy relating to investments and other financial assets

Accounting policy

Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The Group has also reclassified the 2018 comparative numbers so they align to the new measurement categories from adoption of AASB 9.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. 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.

Subsequent measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value

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

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 7(c) for further details.

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 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 non-financial liabilities

a) Prepayments

| | 2019 \$'000 | 2018 \$'000 |
|---------------------------|----------------|----------------|
| Current assets | | |
| Prepayments | 3,622 | 2,847 |
| | 3,622 | 2,847 |
| Non-current assets | | |
| Prepayments (i) | 9,868 | 12,241 |
| | 9,868 | 12,241 |

(i) This includes \$5.4 million for carbon credits and \$4.4 million for the upgrade of a corporate information technology systems used by Icon Water which are under agreements with ActewAGL.

Accounting policy

Prepayments have been reclassified to non-financial assets on adoption of AASB 9 Financial Instruments. There was no impact on the carrying amount. In the previous financial year the Group presented these assets in trade and other receivables.

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 major water security projects. Icon Water has made prepayments for carbon credits associated with these emissions which will be received in the future.

b) Inventories

| | 2019 \$'000 | 2018 \$'000 |
|------------------------------------|----------------|----------------|
| Current assets | | |
| Finished goods for operational use | 4,196 | 4,337 |
| | 4,196 | 4,337 |

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 \$10.5 million (2018: \$8.8 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 non-financial liabilities (continued)

c) Investments accounted for using the equity method

| | 2019 \$'000 | 2018 \$'000 |
|--|------------------|------------------|
| Non-current assets | | |
| Interest in joint venture partnerships | 1,031,716 | 1,002,313 |
| | 1,031,716 | 1,002,313 |

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.

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, 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 \$8.8 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 2019 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 2019 (30 June 2018: no increment or decrement).

8. Non-financial assets and non-financial liabilities (continued)

d) 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 2018 | | | | | | | |
| Cost or fair value | 1,536,064 | 1,106,785 | 15,329 | 31,486 | 7,230 | 812 | 2,697,706 |
| Accumulated depreciation | (21,879) | (197,265) | (153) | (5,173) | (4,137) | (176) | (228,783) |
| Net book amount | 1,514,185 | 909,520 | 15,176 | 26,313 | 3,093 | 636 | 2,468,923 |
| Year ended 30 June 2019 | | | | | | | |
| Opening net book amount | 1,514,185 | 909,520 | 15,176 | 26,313 | 3,093 | 636 | 2,468,923 |
| Additions | 27,983 | 51,856 | - | 23 | 2,708 | - | 82,570 |
| Depreciation charge | (38,447) | (19,348) | (154) | (534) | (1,194) | (33) | (59,710) |
| Gifted assets | 4,674 | 6,355 | - | - | - | - | 11,029 |
| Retirement | - | - | - | - | (9) | - | (9) |
| Revaluation | - | - | 6,338 | 6,720 | - | - | 13,058 ¹ |
| Transfers ² | - | (7,181) | 2,319 | - | 763 | - | (4,099) |
| Borrowing costs | 955 | 4,613 | - | - | - | - | 5,568 |
| Closing net book amount | 1,509,350 | 945,815 | 23,679 | 32,522 | 5,361 | 603 | 2,517,330 |
| As at 30 June 2019 | | | | | | | |
| Cost or fair value | 1,569,668 | 1,162,427 | 23,776 | 32,702 | 10,692 | 812 | 2,800,077 |
| Accumulated depreciation | (60,318) | (216,612) | (97) | (180) | (5,331) | (209) | (282,747) |
| Net book amount | 1,509,350 | 945,815 | 23,679 | 32,522 | 5,361 | 603 | 2,517,330 |

(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 15.

¹ The revaluation includes an impairment of \$0.5m which has been expensed.² Transfers include transfers to the investment property and transfers between property, plant and equipment categories.

8. Non-financial assets and non-financial liabilities (continued)

d) 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 2019 performed by Certified Practising Valuers. This valuation resulted in an increase of \$6.7 million to the value of non-infrastructure land and buildings and an increase of \$6.3 million to the value of infrastructure land and buildings.

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 *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 non-financial liabilities (continued)

d) 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 |

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.

Icon Water's 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 current assumptions take risks associated with climate change into account. The terminal value used is based on the Regulated Asset Base value. 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 2019 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 \$6.6 million for water infrastructure assets and \$4.2 million for sewerage infrastructure assets.

8. Non-financial assets and non-financial liabilities (continued)

d) Property, plant and equipment (continued)

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 difference between the valuation of water and 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 water and sewerage assets at 30 June 2019.

e) Investment properties

| | Total \$'000 |
|---|-----------------|
| Opening balance at 1 July 2018 | 6,841 |
| Transfer from property, plant and equipment | 4,099 |
| Net gain from fair value adjustment | 1,060 |
| Closing balance at 30 June 2019 | 12,000 |

Accounting policy

Measurement

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

Valuation

Valuations are undertaken by external independent valuers every 3 years with the most recent valuation in June 2019 by Certified Practising Valuers. When an independent external valuation is not undertaken at the end of a reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations.

8. Non-financial assets and non-financial liabilities (continued)

f) Intangible assets

| | Computer software \$'000 | Carbon credits \$'000 | Total \$'000 |
|---|-----------------------------|--------------------------|-----------------|
| At 1 July 2018 | | | |
| Cost or fair value | 30,544 | - | 30,544 |
| Accumulated amortisation and impairment | (5,401) | - | (5,401) |
| Net book amount | 25,143 | - | 25,143 |
| Year ended 30 June 2019 | | | |
| Opening net book amount | 25,143 | - | 25,143 |
| Additions | 19,220 | 1,082 | 20,302 |
| Amortisation charge | (1,483) | - | (1,483) |
| Disposal | - | (451) | (451) |
| Borrowing costs capitalised | 1,203 | - | 1,203 |
| Impairment | - | (190) | (190) |
| Closing net book amount | 44,083 | 441 | 44,524 |
| At 30 June 2019 | | | |
| Cost | 50,967 | 631 | 51,598 |
| Accumulated amortisation and impairment | (6,884) | (190) | (7,074) |
| Net book amount | 44,083 | 441 | 44,524 |

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.

8. Non-financial assets and non-financial liabilities (continued)

g) 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 non-financial liabilities (continued)

h) Provisions

| | 2019 | | | 2018 | | |
|---|-------------------|-----------------------|-----------------|-------------------|-----------------------|-----------------|
| | Current \$'000 | Non-Current \$'000 | Total \$'000 | Current \$'000 | Non-Current \$'000 | Total \$'000 |
| Employee entitlements | 10,670 | 1,265 | 11,935 | 10,926 | 1,063 | 11,989 |
| Employee entitlements – seconded employees | 6,233 | - | 6,233 | 6,384 | - | 6,384 |
| Provision for dividend | 11,340 | - | 11,340 | 14,873 | - | 14,873 |
| Provision for make good restoration | 4,044 | 1,368 | 5,412 | 3,568 | 1,335 | 4,903 |
| Other employee related provisions | 765 | 1,064 | 1,829 | 3,453 | 3,401 | 6,854 |
| Workers' compensation provisions | 801 | 1,385 | 2,186 | 531 | 3,030 | 3,561 |
| Carbon emissions | - | 1,287 | 1,287 | - | 1,806 | 1,806 |
| | 33,853 | 6,369 | 40,222 | 39,735 | 10,635 | 50,370 |

Movements in provisions

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

| | Other employee related provisions \$'000 | Workers' compensation ¹ \$'000 | Make good restoration \$'000 | Carbon emissions \$'000 | Total \$'000 |
|--|---|---|------------------------------------|-------------------------------|-----------------|
| Carrying amount at 1 July 2018 | 6,854 | 3,561 | 4,903 | 1,806 | 17,124 |
| Additional provisions recognised | 161 | 18 | 533 | 504 | 1,216 |
| Unused amounts reversed | (4,352) | (1,064) | - | (572) | (5,988) |
| Amounts used during the year | (834) | (379) | (302) | (451) | (1,966) |
| Unwinding of discount | - | 50 | 278 | - | 328 |
| Carrying amount at 30 June 2019 | 1,829 | 2,186 | 5,412 | 1,287 | 10,714 |

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 non-financial liabilities (continued)

h) 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 *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.

i) Deferred tax balances

| | 2019 | 2018 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| The balance comprises temporary differences attributable to: | | |
| Depreciation | 224,084 | 228,817 |
| Asset revaluation | 169,001 | 164,766 |
| Share of profit from ActewAGL Partnerships | 45,074 | 40,928 |
| Employee entitlements | (6,022) | (8,102) |
| Joint venture receivable – employee entitlements | 2,179 | 2,134 |
| Adjustment to prior year tax | 3,482 | 705 |
| Other | (5,585) | (388) |
| Net deferred tax liability | 432,213 | 428,860 |

8. Non-financial assets and non-financial liabilities (continued)

i) Deferred tax balances (continued)

| | Depreciation \$'000 | Asset revaluation \$'000 | Share of profit from ActewAGL Partnerships \$'000 | Employee entitlements \$'000 | Joint Venture receivable – employee entitlements \$'000 | Adjustments to prior year tax ¹ \$'000 | Other \$'000 | Total \$'000 |
|-------------------------------|------------------------|--------------------------------|--|------------------------------------|---|---|-----------------|-----------------|
| 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 |
| At 1 July 2018 | 228,817 | 164,766 | 40,928 | (8,102) | 2,134 | 705 | (388) | 428,860 |
| Charged/(credited): | | | | | | | | |
| – profit or loss | (4,733) | 161 | 4,146 | 2,080 | 45 | 2,777 | (5,197) | (721) |
| – directly to equity (note 5) | - | 4,074 | - | - | - | - | - | 4,074 |
| At 30 June 2019 | 224,084 | 169,001 | 45,074 | (6,022) | 2,179 | 3,482 | (5,585) | 432,213 |

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.

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

9. Equity

a) Share capital

| | 2019 Shares | 2018 Shares | 2019 \$'000 | 2018 \$'000 |
|------------------------------|----------------|----------------|----------------|----------------|
| Ordinary shares - fully paid | 2 | 2 | 758,871 | 758,871 |
| Total share capital | 2 | 2 | 758,871 | 758,871 |

Movements in ordinary share capital

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

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 2019 and 30 June 2018 were as follows:

| | 2019 \$'000 | 2018 \$'000 |
|----------------------|----------------|----------------|
| Total debt (note 7f) | 1,729,249 | 1,668,477 |
| Total equity | 1,472,189 | 1,443,399 |
| | 3,201,438 | 3,111,876 |
| Gearing ratio | 54.0% | 53.6% |

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

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Asset revaluation reserve | 520,768 | 511,263 |
| General insurance reserve | - | - |
| | 520,768 | 511,263 |
| Movements in reserves: | | |
| Asset revaluation | | |
| At the beginning of the financial year | 511,263 | 386,603 |
| Revaluation – net of tax | | |
| Property, plant and equipment | 9,505 | 124,660 |
| | 520,768 | 511,263 |

Accounting Policy

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. In the event of an asset sale or disposal, any balance in the reserve in relation to the asset is transferred to retained profits.

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 2018 financial year.

10. Auditor's remuneration

During the year the following fees were paid or payable for audit services provided by the auditor of the Group, the ACT Audit Office:

| | 2019 \$'000 | 2018 \$'000 |
|-----------------------------------|----------------|----------------|
| Audit of the financial statements | 288 | 262 |
| | 288 | 262 |

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 11. This note also discloses details about the Group's equity accounted investments.

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

11. Investment in controlled entities

Significant investments in subsidiaries

| Name of entity | Country of incorporation | Class of shares | Equity holding | |
|---------------------------------------|--------------------------|-----------------|----------------|--------|
| | | | 2019 % | 2018 % |
| 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 2019 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.

12. 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:

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Share of partnership's commitments | | |
| Lease commitments | 18,171 | 21,230 |
| Capital and other commitments | 7,373 | 8,044 |
| | 25,544 | 29,274 |

12. Interests in joint ventures (continued)

b) Contingent liabilities relating to joint ventures

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 2019 (30 June 2018: nil).

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 2019 (30 June 2018: \$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 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 2019 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 2019.

13. Parent entity financial information

a) Summary financial information

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

| | 2019 \$'000 | 2018 \$'000 |
|--|------------------|------------------|
| Statement of financial position | | |
| Current assets | 213,303 | 222,645 |
| Total assets | 3,423,818 | 3,336,723 |
| Current liabilities | 432,931 | 127,766 |
| Total liabilities | 2,144,523 | 2,085,740 |
| Net assets | 1,279,295 | 1,250,983 |
| Shareholders' equity | | |
| Contributed equity | 758,872 | 758,872 |
| Reserves | | |
| Asset revaluation | 312,063 | 302,558 |
| Retained earnings | 208,360 | 189,553 |
| Total equity | 1,279,295 | 1,250,983 |
| Profit for the year | 86,588 | 107,208 |
| Total comprehensive income | 96,069 | 231,867 |

b) Guarantees entered into by the parent entity

The parent entity bank guarantees at 30 June 2019 are nil (30 June 2018: nil).

c) Contingent liabilities of the parent entity

The parent entity contingent liabilities at 30 June 2019 are referred to in note 14.

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 2019 are referred to in note 15.

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.

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

14. 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.

15. Commitments for expenditure

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Capital expenditure commitments (i) | 57,321 | 105,529 |
| Other expenditure commitments (ii) | 132,051 | 159,024 |
| Operating lease (iii) | | |
| Commitments in relation to operating leases contracted at balance date but not provided for in accounts payable: | | |
| – Within one year | 3,042 | 3,262 |
| – Later than one year but not later than five years | 8,776 | 10,297 |
| – Later than five years | 897 | 1,886 |
| Minimum lease payments | 12,715 | 15,445 |
| Finance lease (iv) | | |
| Commitments in relation to finance leases contracted at balance date but not provided for in accounts payable: | | |
| – Within one year | 382 | 101 |
| – Later than one year but not later than five years | - | 382 |
| Minimum lease payments | 382 | 483 |

15. Commitments for expenditure (continued)

- (i) Capital commitments include contractual commitments for capital expenditure of \$56.0 million at 30 June 2019 (30 June 2018: \$92.3 million) and amounts for purchase of carbon credits through a contract with CO2 at 30 June 2019 for \$1.3 million (30 June 2018: \$13.2 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.

16. 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.

17. Key management personnel disclosures
18. Related party transactions

17. Key management personnel disclosures

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

Key management personnel compensation

| | 2019 \$'000 | 2018 \$'000 |
|------------------------------|----------------|----------------|
| Short-term employee benefits | 2,727 | 2,748 |
| Post-employment benefits | 216 | 226 |
| Other long-term benefits | 97 | 92 |
| Total benefits | 3,040 | 3,066 |

The compensation of each member of the KMP of the Group for the current year is set out on the following page.
The compensation disclosed relates only to the period of time the KMP was considered to be a KMP.

17. Key management personnel disclosures (continued)

| 2018-19 | Short-term employee benefits | | | | | Long-term employee benefits - long service leave \$ | Termination benefits \$ | Total \$ |
|--|--|-----------------------------|----------------------|---|----------------------------|---|----------------------------|----------|
| | Salary, fees and short- term compensated absences \$ | Non-monetary benefits \$ | Superannuation \$ | Long-term employee benefits - long service leave \$ | Termination benefits \$ | | | |
| Wendy Caird Non-Executive Chair | 78,201 | 858 | 10,166 | - | - | - | 89,225 | |
| Carol Lilley Non-Executive Deputy Chair | 62,562 | 541 | 8,133 | - | - | - | 71,236 | |
| Ray Hezkial (Note (i)) Managing Director | 506,549 | - | 25,000 | 81,909 | - | - | 613,458 | |
| John Knox (Note (ii)) Managing Director | 263,483 | 204 | 9,135 | 6,383 | - | - | 279,205 | |
| Rachel Peck Non-Executive Director | 39,068 | 595 | 5,079 | - | - | - | 44,742 | |
| Thomas Parry Non-Executive Director | 39,068 | - | 5,079 | - | - | - | 44,147 | |
| Abigail Goldberg Non-Executive Director | 39,068 | - | 5,079 | - | - | - | 44,147 | |
| Brett Tucker Non-Executive Director | 39,068 | 541 | 5,079 | - | - | - | 44,688 | |
| Dorte Ekelund Non-Executive Director | 39,068 | - | 5,079 | - | - | - | 44,147 | |
| Jane Breaden General Manager Business Services | 367,989 | - | 25,000 | - | - | - | 392,989 | |
| Davina McCormick (Note (iii)) General Manager Customer Engagement | 271,347 | 15,000 | 25,778 | - | - | - | 312,125 | |
| Joy Yau (Note (iv)) Chief Financial Officer | 143,152 | - | 12,404 | - | - | - | 155,556 | |
| Sam Sachse (Note (v)) Chief Financial Officer | 240,245 | 235 | 14,519 | 8,965 | - | - | 263,964 | |
| Richard Spurrett (Note (vi)) Chief Information Officer | 176,220 | 227 | 24,574 | - | - | - | 201,021 | |
| Other Senior Managers (Note (vii) and (viii)) | 390,138 | 13,510 | 36,337 | - | - | - | 439,985 | |
| Total as per the Annual Report | 2,695,226 | 31,711 | 216,441 | 97,257 | - | - | 3,040,635 | |

17. 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 Director | 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 (i)) 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 Project Delivery, Operations & Maintenance | 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 General Manager Strategic Projects & Technology | 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 |

17. Key management personnel disclosures (continued)

Note references 2018-19:

- (i) Ray Hezkial held the role of General Manager Infrastructure Services until 19 October 2018. Mr Hezkial was appointed acting Chief Executive Officer on 20 October 2018 and was appointed Managing Director on 29 November 2018.
- (ii) John Knox ceased employment as Managing Director at Icon Water on 11 November 2018.
- (iii) Davina McCormick took 10 days of leave without pay in July 2018. Ms McCormick was reimbursed \$15,000 for relocation expenses.
- (iv) Joy Yau was appointed acting Chief Financial Officer from 2 January 2019 and was formally appointed into this position on 1 April 2019.
- (v) Sam Sachse ceased employment as Chief Financial Officer at Icon Water on 28 January 2019.
- (vi) Richard Spurrett ceased employment as Chief Information Officer at Icon Water on 21 December 2018.
- (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 2018-19, there were 18 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*. The 4 remaining KMP for the 2018-19 financial period are disclosed in Other Senior Managers. Other Senior Managers include General Managers which report to the Managing Director. These are Alison Pratt, General Counsel; Sven Wittchen, acting Chief Information Officer; Murray Heke, Chief Information Officer; and Gerard Brierley, acting General Manager Infrastructure Services.
- (viii) Murray Heke was reimbursed \$7,496 for relocation expenses. Gerard Brierley was reimbursed \$5,000 for relocation expenses.
- (ix) No additional KMP's became entitled to long service leave in 2018-19.

17. 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 additional KMP's became entitled to long service leave in 2017-18.

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.

18. 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
Ray Hezkial, Managing Director (appointed 29 November 2018)
John Knox, Managing Director (resigned 11 November 2018)
Rachel Peck, Director
Dr Thomas Parry AM, Director
Abigail Goldberg, Director
Brett Tucker, Director
Dorte Ekelund, Director

There have been no related party transactions with directors and their related parties apart from those disclosed in the key management personnel note (note 17), and water and sewerage invoices issued on an arm's length basis (30 June 2018: 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:

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Wholly owned controlled entities | | |
| Dividend revenue | 61,791 | 64,960 |
| Income tax equivalents expense to the ACT Government | 40,604 | 47,106 |
| Aggregate amounts receivable from and payable to entities in the wholly-owned groups at balance date were as follows: | | |
| – Current receivables (tax funding agreement) | 22,269 | 21,106 |
| – Current receivables (other) | 61,791 | 64,992 |
| – Current payables and other | 11,340 | 14,873 |
| – Non-interest bearing loans | 638,585 | 610,355 |

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 the Minister for the Environment and Heritage of the ACT which own 100% (2018: 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 11.

18. Related party transactions (continued)

Other related parties

The following transactions occurred with the ActewAGL Joint Venture Partnerships:

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Purchase and sale of goods and services: | | |
| – Purchase of goods and services | 45,639 | 38,208 |
| – Sale of goods and services | 15,843 | 17,535 |
| Aggregate amounts receivable from and payable to joint venture partnerships at balance date: | | |
| – Current receivables | 6,925 | 7,683 |
| – Current accounts payables and other | 10,241 | 10,359 |
| – Non-current receivables | 26 | 566 |

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 12 to 62 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 2019 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 (refer to note 1a).

The financial statements were authorised for issue by the directors on 28 August 2019. The directors have the power to amend and reissue the financial statements.

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



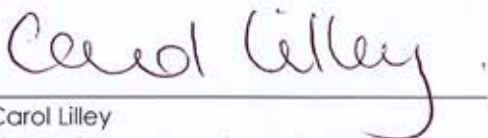
Wendy Caird
Chair

Canberra
28 August 2019



Ray Hezkial
Managing Director

Canberra
28 August 2019



Carol Lilley
Risk and Assurance Committee, Chair

Canberra
28 August 2019

This page is intentionally left blank.



Icon Distribution
Investments Limited

ABN 83 073 025 224

General Purpose

**ANNUAL
REPORT**

For the year ended
30 June 2019

Icon Distribution Investments Limited

ABN 83 073 025 224

Annual Report for the year ended 30 June 2019

| Contents | Page |
|---|------|
| Directors' report..... | 2 |
| Independent auditor's report..... | 8 |
| Auditor's independence declaration..... | 9 |
| Financial report..... | 10 |
| Statement of profit or loss and other comprehensive income..... | 10 |
| Statement of financial position..... | 11 |
| Statement of cash flows..... | 12 |
| Statement of changes in equity..... | 13 |
| Notes to the financial statements..... | 14 |
| Directors' declaration..... | 24 |

Directors' Report

The directors present the financial report of Icon Distribution Investments Limited (Icon Distribution) for the year ended 30 June 2019.

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, CIA, CGAP, FCA, GAICD

Carol Lilley was first 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 Distribution Investments Limited and Icon Retail Investments Limited in March 2017. Ms Lilley's appointment term was extended in November 2018 due to her specialist financial expertise and extensive knowledge of Icon Water's business. Ms Lilley was appointed as a Member of the ActewAGL Partnerships Board in October 2018 and resigned in April 2019.

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 for nearly 20 years. Her experience is in financial statement audit,

internal audit and project and risk management, with a particular focus on government.

Ms Lilley is currently Chair or Member of several ACT Government Directorate Audit Committees (Chief Minister, Treasury and Economic Development; Education; Environment, Planning and Sustainable Development; Transport Canberra and City Services). She also has various governance roles for Commonwealth Government entities (including as a Member of the Audit Committees for the Department of Human Services and the Department of Home Affairs amongst others, and as an independent board Member for the Australian Financial Security Authority).

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)

Ray Hezkial, Director

B. Eng (Civil), DipPM, MBA
Appointed 29 November 2018

Ray Hezkial was appointed as a Member of the Boards of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in November 2018. Mr Hezkial is a Member of the Icon Water Remuneration Committee, and since April 2019 is a Member of the ActewAGL Partnerships Board.

Mr Hezkial joined Icon Water in 2003 and commenced as acting Chief Executive Officer in October 2018 and was appointed as Managing Director in November 2018. His role as Managing Director was confirmed in April 2019 after an open recruitment process.

In his previous role as General Manager, Infrastructure Services, Mr Hezkial was responsible for managing Icon Water's capital works program, provision of network operations and all aspects of day to day maintenance relating to the ACT's water and sewer reticulation systems. Prior to this, Mr Hezkial was the Project Manager for the Enlarged Cotter Dam.

Mr Hezkial has a Master of Business Administration, Diploma in Project Management, and Bachelor of Engineering (Civil).

John Knox, Director

BFA, FCPA, MAICD
Resigned 11 November 2018

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

Mr Knox was 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 Partnerships Board.

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

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

Rachel Peck, Director

BEng (Civil) (Hons), MBA, 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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Board.

Ms Peck is Principal of peckvonhartel architects, an Advisory Board Member of the Australian Futures Project and Member of the Melbourne Development

Committee for the Australian Chamber Orchestra. 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. She is a Fellow of the Australian Institute of Company Directors.

Directors (continued)

Dr Thomas Parry AM, Director

BEC (Hons), MEd, PhD

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015 and is a Member of the Icon Water Board's Remuneration Committee. In March 2017 Dr Parry was appointed as Deputy Chair of the ActewAGL Partnerships Board, then as Chair from 19 December 2018. He is a Director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited 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).

From 2004-2009 he had several roles with Macquarie Bank and for the previous 12 years he was the Foundation Executive Chair of the Independent Pricing and Regulatory Tribunal of NSW (IPART), and its predecessor for the Government Pricing Tribunal - the first utility regulator in Australia. Dr Parry was a Director

of ASX-Compliance (the regulatory arm of the Australian Securities Exchange) from 2007-2017. 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.

Abigail Goldberg, Director

BSc (TRP hons), MURbDes, MBA (Executive), FPIA, 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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Limited Board.

Ms Goldberg is a Non-Executive Director of Reflections Holiday Parks (previously Crown Lands Holiday Park Trust, NSW) and Frontier SI (Digitisation and Spatial Mapping, Vic). She is also the Chair of the Audit and Risk Committee for both businesses.

In 2018 Ms Goldberg completed the full term as a Commissioner at the NSW Independent Planning Commission, the decision-making body responsible for major and state significant projects in NSW. She now Chairs the Independent Hearing Assessment Panels for both the City of Ryde and Willoughby Council and is an alternate Chair for the panel for the City of Sydney. She is also an alternate Member for the NSW Joint Regional

Planning Panels. In addition Ms Goldberg is a Gateway Reviewer for the NSW Treasury and Infrastructure NSW.

Ms Goldberg is Executive Chair of GoldbergBlaise, a boutique consultancy providing advice to the infrastructure, planning, housing, tourism and transport sectors, and an Associate of the Institute for Public Policy and Governance, University of Technology, Sydney. She has held a number of executive positions, including Chief Executive Officer, 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 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).

Directors (continued)

Brett Tucker, Director

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

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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Limited Board.

Mr Tucker has more than 27 years of professional experience, including Non-Executive Director, Managing Director and Chief Executive roles in public and private sector water and energy utilities.

Mr Tucker currently owns and operates Blackwatch Consulting, a business providing high level strategy,

governance and technical advice to government and private sector corporations, industry groups and project teams. He is also 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. Brett was awarded a Churchill Fellowship in 1998 and is a Member of the Australian Institute of Company Directors.

Dorte Ekelund, Director

BURP (Hons), MBA, FPIA, 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 as well as a Director of the 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, a director on the Board of the Committee for Sydney, and a 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 landuse 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 COAG Energy Senior Officials and oversight of significant policy initiatives and investment in renewables. Ms Ekelund has also been the ACT member of the Murray-Darling Basin Officials Group.

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

Company Secretary

Jane Breaden

BBus, MSc, MMgsST, GCPProfWrtg, GCPPerfAudt

Jane Breaden, General Manager Business Services, joined Icon Water in 2014 and has 20 years' experience in project management, consulting and governance services in both the public and private sectors.

From March 2019, Ms Breaden has acted as the alternate company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail

Investments Limited. Prior to this, she acted as company secretary of all three entities from July 2016.

Ms Breaden holds a Master of Science (Operations Research and Statistics), Master of Management Studies in Project Management, Bachelor of Business, Graduate Certificate in Professional Writing and a Graduate Certificate in Performance Audit.

Company Secretary (continued)

Alison Pratt

B.Ec, LLB (Hons), GDLP, MAICD

Alison Pratt, General Counsel, was appointed as the company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in March 2019, and held the position of alternate company secretary prior to this. Ms Pratt worked in private commercial legal practice in Australia and the United Kingdom prior to joining Icon Water in 2013.

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.

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 | 6 | 6 |
| Carol Lilley | 6 | 6 |
| Ray Hezkial | 4 | 4 |
| John Knox | 1 | 1 |
| Rachel Peck | 6 | 6 |
| Dr Thomas Parry AM | 4 | 6 |
| Abigail Goldberg | 6 | 6 |
| Brett Tucker | 4 | 6 |
| Dorte Ekelund | 6 | 6 |

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.

Icon Distribution Investments Limited and Jemena Networks (ACT) Pty Ltd hold the two issued shares in ActewAGL Distribution Investments Pty Ltd as joint tenants of the ActewAGL Distribution Partnership. ActewAGL Distribution Investments Pty Ltd is a holding company for investments of ActewAGL Distribution.

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 \$43,650,485 (30 June 2018: \$38,307,428) has been declared by the directors to be paid, which is 100% of 30 June 2019 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 2018-19 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.

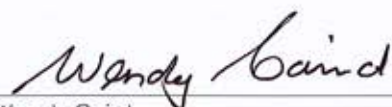
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Rounding of amounts

Icon Distribution is a company of the 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
28 August 2019



Ray Hezkial
Director

Canberra
28 August 2019

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial report of Icon Distribution Investments Limited (the Company) for the year ended 30 June 2019 which comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, directors' declaration and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report:

- (i) presents fairly, in all material respects, the Company's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended; and
- (ii) is presented in accordance with the *Corporations Act 2001* and comply with Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements and other mandatory financial reporting requirements in Australia.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of this report.

I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Company for 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 relevant 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.

Auditor's responsibilities for the audit of the financial report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company;
- conclude on the appropriateness of the Company's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether it represents the underlying transactions and events in a manner that achieves fair presentation.

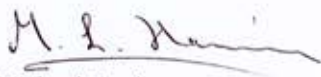
I communicate with the directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Michael Harris
Auditor-General
30 August 2019

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

In relation to the audit of the financial report of Icon Distribution Investments Limited for the year ended 30 June 2019, 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.

A handwritten signature in black ink, appearing to read 'M. L. Harris', with a horizontal line underneath.

Michael Harris
Auditor-General
30 August 2019

This page is intentionally left blank.

Statement of profit or loss and other comprehensive income

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|----------------|----------------|
| Continuing operations | | | |
| Share of net profit of the joint venture partnership accounted for using the equity method | 2 | 62,009 | 54,749 |
| Other expenses arising from ordinary activities | | (15) | (16) |
| Profit before income tax equivalents expense | | 61,994 | 54,733 |
| Income tax equivalents expense | 3a | (18,344) | (16,426) |
| Profit for the year | | 43,650 | 38,307 |
| Profit is attributable to: | | | |
| Owners of Icon Distribution Investments Limited | | 43,650 | 38,307 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 43,650 | 38,307 |

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

Statement of financial position

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Investments accounted for using the equity method | 5 | 991,467 | 962,958 |
| Total non-current assets | | 991,467 | 962,958 |
| Total assets | | 991,467 | 962,958 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables | 6 | 18 | 19 |
| Dividends payable | 4 | 43,650 | 38,307 |
| Total current liabilities | | 43,668 | 38,326 |
| Non-current liabilities | | | |
| Deferred tax balances | 7 | 144,912 | 141,327 |
| Intercompany loan | 6 | 593,785 | 574,203 |
| Total non-current liabilities | | 738,697 | 715,530 |
| Total liabilities | | 782,365 | 753,856 |
| Net assets | | 209,102 | 209,102 |
| Equity | | | |
| Contributed equity | 8a | 400 | 400 |
| Reserves attributable to the owners of Icon Distribution | 8b | 208,702 | 208,702 |
| Total equity | | 209,102 | 209,102 |

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

Statement of cash flows

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|-----------------|----------------|
| Cash flows from operating activities | | | |
| Distributions received from the ActewAGL Distribution Partnership | | 33,500 | 30,500 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | (15) | (15) |
| Net cash inflow from operating activities | | 33,485 | 30,485 |
| Cash flows from financing activities | | | |
| Income tax equivalents paid by Icon Water | | (14,760) | (10,698) |
| Payments of dividends to Icon Water | | (38,307) | (45,638) |
| Net cash outflow from financing activities | | (53,067) | (56,336) |
| Net decrease in cash and cash equivalents | | (19,582) | (25,851) |
| Parent company intercompany Icon Water account movements | | | |
| Balance at the beginning of the financial year | | (574,203) | (548,352) |
| Balance at the end of the financial year | 6 | (593,785) | (574,203) |
| Total movement | | (19,582) | (25,851) |

The parent company, Icon Water, handles the cash for Icon Distribution 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.

Statement of changes in equity

| | Note | Contributed equity \$'000 | Retained earnings \$'000 | Reserves \$'000 | Total equity \$'000 |
|---|------|---------------------------------|--------------------------------|--------------------|---------------------------|
| 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 | | 400 | - | 208,702 | 209,102 |
| Balance at 1 July 2018 | | 400 | - | 208,702 | 209,102 |
| Profit for the year | | - | 43,650 | - | 43,650 |
| Transactions with owners in their capacity as owners: | | | | | |
| Dividends provided for or paid | 4 | - | (43,650) | - | (43,650) |
| Balance at 30 June 2019 | | 400 | - | 208,702 | 209,102 |

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

Notes to the financial statements

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

- Accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not 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. Investments accounted for using the equity method
6. Trade and other payables
7. Deferred tax balances
8. Equity
9. Auditor's remuneration
10. Interest in joint ventures
11. Contingencies
12. Commitments for expenditure
13. Events occurring after the reporting period
14. 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. The financial statements are for Icon Distribution as an individual entity. The financial statements are presented in the Australian currency (AUD).

(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 s334(5) of the *Corporations Act 2001* to early adopt any new Australian Accounting Standard in the current year and they are not expected to have a material impact.

(iv) *New and amended standards adopted*

Icon Distribution has applied *AASB 9 Financial Instruments* and *AASB 15 Revenue from Contracts with Customers* for the first time for the annual reporting period commencing 1 July 2018. Icon Distribution changed accounting policies following the adoption of AASB 9 however this change did not have a material impact on the amounts disclosed in the financial statements. There was no impact resulting from the application of AASB 15 as Icon Distribution's revenue is outside the scope of this standard.

The adoption of all other 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 2019, current liabilities exceed current assets by \$43.7 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 Distribution has adequate resources to continue as a going concern and pay its debts as and when they fall due and payable.

(b) Rounding of amounts

Icon Distribution is a company of the 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. Revenue from continuing operations

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Share of net profit of the ActewAGL Distribution Partnership accounted for using the equity method | 62,009 | 54,749 |
| | 62,009 | 54,749 |

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

Accounting policy

Icon Distribution derives all of its revenue from the ActewAGL Distribution Partnership. Icon Distribution recognises the profit or loss as it is generated by the ActewAGL Distribution Partnership.

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

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Current tax | | |
| Current tax equivalents expense recognised in the current year | 14,828 | 12,697 |
| Adjustment to prior year (i) | (68) | (1,999) |
| | 14,760 | 10,698 |
| Deferred tax | | |
| Deferred tax equivalents expense recognised in the current year | 3,696 | 3,758 |
| Adjustments to prior year (i) | (112) | 1,970 |
| | 3,584 | 5,728 |
| Income tax equivalents expense | 18,344 | 16,426 |

(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

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Profit from continuing operations before income tax expense | 61,994 | 54,733 |
| Tax at the Australian tax rate of 30% (2017-18: 30%) | 18,598 | 16,420 |
| Other Items: | | |
| - Non-deductible expenses | 57 | 31 |
| - Non-assessable income | (137) | - |
| - Share of JV profits and partner share of profits | 6 | - |
| - Other | - | 5 |
| - Adjustments for income tax expense of prior periods | (180) | (30) |
| Income tax equivalents expense | 18,344 | 16,426 |

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 Water'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

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Dividend payable at the beginning of the financial year | 38,307 | 45,638 |
| Amount appropriated from operating profit | 43,650 | 38,307 |
| | 81,957 | 83,945 |
| Amount paid during the year | (38,307) | (45,638) |
| Dividend payable at the end of the financial year | 43,650 | 38,307 |

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. Investments accounted for using the equity method

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Non-current assets | | |
| Investment in the ActewAGL Distribution Partnership | 991,467 | 962,958 |
| | 991,467 | 962,958 |

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.

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 \$8.8 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 2019 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 2019 (30 June 2018: no increment or decrement).

6. Trade and other payables

| | 2019 | | | 2018 | | |
|-------------------|-------------------|-----------------------|-----------------|-------------------|-----------------------|-----------------|
| | Current \$'000 | Non-Current \$'000 | Total \$'000 | Current \$'000 | Non-Current \$'000 | Total \$'000 |
| Trade payables | 18 | - | 18 | 19 | - | 19 |
| Intercompany loan | - | 593,785 | 593,785 | - | 574,203 | 574,203 |
| | 18 | 593,785 | 593,803 | 19 | 574,203 | 574,222 |

Accounting policy

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method. They represent liabilities for goods and services provided to Icon Distribution prior to the end of the financial year and which are unpaid. Trade payables are unsecured and are usually paid within 30 days of recognition. The amounts are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Intercompany loan

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

7. Deferred tax balances

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| The balance comprises temporary differences attributable to: | | |
| - Share of profit from ActewAGL Distribution Partnership | 52,622 | 48,925 |
| - Adjustment to prior year tax (i) | 2,848 | 2,960 |
| - Asset revaluation | 89,444 | 89,444 |
| - Other | (2) | (2) |
| | 144,912 | 141,327 |
| Movements: | | |
| Balance at the beginning of the year | 141,327 | 135,598 |
| Charged / (Credited): | | |
| - to profit or loss | 3,585 | 5,729 |
| Balance at the end of the year | 144,912 | 141,327 |

7. Deferred tax balances (continued)

| | Share of profit from ActewAGL Distribution Partnership \$'000 | Adjustment to prior year deferred tax (i) \$'000 | Asset revaluation \$'000 | Other \$'000 | Total \$'000 |
|------------------------|---|---|--------------------------------|-----------------|-----------------|
| 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 | 48,925 | 2,960 | 89,444 | (2) | 141,327 |
| At 1 July 2018 | 48,925 | 2,960 | 89,444 | (2) | 141,327 |
| Charged / (Credited): | | | | | |
| - to profit or loss | 3,697 | (112) | - | - | 3,585 |
| At 30 June 2019 | 52,622 | 2,848 | 89,444 | (2) | 144,912 |

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

8. Equity

(a) Contributed equity

| | 2019 Shares | 2018 Shares | 2019 \$'000 | 2018 \$'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

| | 2019 \$'000 | 2018 \$'000 |
|---------------------------|----------------|----------------|
| Asset revaluation reserve | 208,702 | 208,702 |
| | 208,702 | 208,702 |

There has been no movement in the asset revaluation reserve.

Accounting Policy

Asset revaluation reserve

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

9. Auditor's remuneration

During the year the following fees were paid or payable for audit services provided by the auditor of the Group, the ACT Audit Office:

| | 2019 \$'000 | 2018 \$'000 |
|-----------------------------------|----------------|----------------|
| Audit of the financial statements | 17 | 17 |
| | 17 | 17 |

10. 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:

| | 2019 \$'000 | 2018 \$'000 |
|-------------------------------|----------------|----------------|
| Lease commitments | 18,033 | 21,030 |
| Capital and other commitments | 7,372 | 8,044 |
| | 25,405 | 29,074 |

(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 2018: \$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 2019 (30 June 2018: nil).

11. Contingencies

No contingent liabilities are known to the directors at the date of this report (30 June 2018: nil).

12. Commitments for expenditure

At 30 June 2019, Icon Distribution had not committed to any future capital expenditure (30 June 2018: nil).

13. Events occurring after the reporting period

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

14. 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
Ray Hezkial, Director (appointed 29 November 2018)
John Knox, Director (resigned 11 November 2018)
Rachel Peck, Director
Dr Thomas Parry, Director
Abigail Goldberg, Director
Brett Tucker, Director
Dorte Ekelund, Director

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 2019 (30 June 2018: nil).

(ii) *Retirement benefits*

There were no retirement benefits paid to directors at 30 June 2019 (30 June 2018: nil).

(iii) *Loans to directors*

There were no loans to any directors at 30 June 2019 (30 June 2018: 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
Ray Hezkial, Director (appointed 29 November 2018)
John Knox, Director (resigned 11 November 2018)
Rachel Peck, Director
Dr Thomas Parry, Director
Abigail Goldberg, Director
Brett Tucker, Director
Dorte Ekelund, Director

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

14. Related party transactions (continued)

(d) Parent entity

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

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:

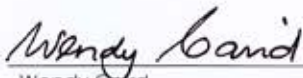
| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Revenue from the ActewAGL Distribution Partnership | 62,009 | 54,749 |
| The following balances are outstanding at the reported date in relation to transactions with related parties: | | |
| - Dividend payable to Icon Water | 43,650 | 38,307 |
| - Intercompany loan liability – Icon Water | 593,785 | 574,203 |

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 23, are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2019 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. The financial statements were authorised for issue by the directors on 28 August 2019. The directors have the power to amend and reissue the financial statements.



Wendy Caird
Chair

Canberra
28 August 2019



Ray Hezkiel
Director

Canberra
28 August 2019



Icon Retail Investments
Limited

ABN 23 074 371 207

General Purpose

ANNUAL
REPORT

For the year ended
30 June 2019

Icon Retail Investments Limited

ABN 23 074 371 207

Annual Report for the year
ended 30 June 2019

| Contents | Page |
|---|------|
| Directors' report..... | 2 |
| Independent auditor's report..... | 9 |
| Auditor's independence declaration..... | 10 |
| Financial Report..... | 11 |
| Statement of profit or loss and other comprehensive income..... | 11 |
| Statement of financial position..... | 12 |
| Statement of cash flows..... | 13 |
| Statement of changes in equity..... | 14 |
| Notes to the financial statements..... | 15 |
| Directors' declaration..... | 25 |

Directors' Report

The directors present the financial report of Icon Retail Investments Limited (Icon Retail) for the year ended 30 June 2019.

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, CIA, CGAP, FCA, GAICD

Carol Lilley was first 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 Distribution Investments Limited and Icon Retail Investments Limited in March 2017. Ms Lilley's appointment term was extended in November 2018 due to her specialist financial expertise and extensive knowledge of Icon Water's business. Ms Lilley was appointed as a Member of the ActewAGL Partnerships Board in October 2018 and resigned in April 2019.

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 for nearly 20 years. Her experience is in financial statement audit,

internal audit and project and risk management, with a particular focus on government.

Ms Lilley is currently Chair or Member of several ACT Government Directorate Audit Committees (Chief Minister, Treasury and Economic Development; Education; Environment, Planning and Sustainable Development; Transport Canberra and City Services). She also has various governance roles for Commonwealth Government entities (including as a Member of the Audit Committees for the Department of Human Services and the Department of Home Affairs amongst others, and as an independent board Member for the Australian Financial Security Authority).

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)

Ray Hezkial, Director

B. Eng (Civil), DipPM, MBA

Appointed 29 November 2018

Ray Hezkial was appointed as a Member of the Ray Hezkial was appointed as a Member of the Boards of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in November 2018. Mr Hezkial is a Member of the Icon Water Remuneration Committee, and since April 2019 is a Member of the ActewAGL Partnerships Board.

Mr Hezkial joined Icon Water in 2003 and commenced as acting Chief Executive Officer in October 2018 and was appointed as Managing Director in November 2018. His role as Managing Director was confirmed in April 2019 after an open recruitment process.

In his previous role as General Manager, Infrastructure Services, Mr Hezkial was responsible for managing Icon Water's capital works program, provision of network operations and all aspects of day to day maintenance relating to the ACT's water and sewer reticulation systems. Prior to this, Mr Hezkial was the Project Manager for the Enlarged Cotter Dam.

Mr Hezkial has a Master of Business Administration, Diploma in Project Management, and Bachelor of Engineering (Civil).

John Knox, Director

BFA, FCPA, MAICD

Resigned 11 November 2018

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

Mr Knox was 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 Partnerships Board.

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

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

Rachel Peck, Director

BEng (Civil) (Hons), MBA, 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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Board.

Ms Peck is Principal of peckvonhartel architects, an Advisory Board Member of the Australian Futures Project and Member of the Melbourne Development

Committee for the Australian Chamber Orchestra. 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. She is a Fellow of the Australian Institute of Company Directors.

Directors (continued)

Dr Thomas Parry AM, Director

BEd (Hons), MEd, PhD

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015 and is a Member of the Icon Water Board's Remuneration Committee. In March 2017 Dr Parry was appointed as Deputy Chair of the ActewAGL Partnerships Board, then as Chair from 19 December 2018. He is a Director of the Icon Retail Investments Limited Board and Icon Distribution Investments Limited 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).

From 2004-2009 he had several roles with Macquarie Bank and for the previous 12 years he was the Foundation Executive Chair of the Independent Pricing and Regulatory Tribunal of NSW (IPART), and its predecessor for the Government Pricing Tribunal - the first utility regulator in Australia. Dr Parry was a Director

of ASX-Compliance (the regulatory arm of the Australian Securities Exchange) from 2007-2017. 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.

Abigail Goldberg, Director

BSc (TRP hons), MURbDes, MBA (Executive), FPIA, 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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Limited Board.

Ms Goldberg is a Non-Executive Director of Reflections Holiday Parks (previously Crown Lands Holiday Park Trust, NSW) and Frontier SI (Digitisation and Spatial Mapping, Vic). She is also the Chair of the Audit and Risk Committee for both businesses.

In 2018 Ms Goldberg completed the full term as a Commissioner at the NSW Independent Planning Commission, the decision-making body responsible for major and state significant projects in NSW. She now Chairs the Independent Hearing Assessment Panels for both the City of Ryde and Willoughby Council and is an alternate Chair for the panel for the City of Sydney. She is also an alternate Member for the NSW Joint Regional

Planning Panels. In addition Ms Goldberg is a Gateway Reviewer for the NSW Treasury and Infrastructure NSW.

Ms Goldberg is Executive Chair of GoldbergBlaise, a boutique consultancy providing advice to the infrastructure, planning, housing, tourism and transport sectors, and an Associate of the Institute for Public Policy and Governance, University of Technology, Sydney. She has held a number of executive positions, including Chief Executive Officer, 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 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).

Directors (continued)

Brett Tucker, Director

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

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 and Remuneration Committee, a Director of the Icon Retail Investments Limited Board as well as a Director of the Icon Distribution Investments Limited Board.

Mr Tucker has more than 27 years of professional experience, including Non-Executive Director, Managing Director and Chief Executive roles in public and private sector water and energy utilities.

Mr Tucker currently owns and operates Blackwatch Consulting, a business providing high level strategy,

governance and technical advice to government and private sector corporations, industry groups and project teams. He is also 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. Brett was awarded a Churchill Fellowship in 1998 and is a Member of the Australian Institute of Company Directors.

Dorte Ekelund, Director

BURP (Hons), MBA, FPIA, 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 as well as a Director of the 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, a director on the Board of the Committee for Sydney, and a 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 landuse 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 COAG Energy Senior Officials and oversight of significant policy initiatives and investment in renewables. Ms Ekelund has also been the ACT member of the Murray-Darling Basin Officials Group.

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

Company Secretary

Jane Breden

BBus, MSc, MMgsST, GCProfWrtg, GCPerfAudt

Jane Breden, General Manager Business Services, joined Icon Water in 2014 and has 20 years' experience in project management, consulting and governance services in both the public and private sectors.

From March 2019, Ms Breden has acted as the alternate company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail

Investments Limited. Prior to this, she acted as company secretary of all three entities from July 2016.

Ms Breden holds a Master of Science (Operations Research and Statistics), Master of Management Studies in Project Management, Bachelor of Business, Graduate Certificate in Professional Writing and a Graduate Certificate in Performance Audit.

Alison Pratt

B.Ec, LLB (Hons), GDLP, MAICD

Alison Pratt, General Counsel, was appointed as the company secretary of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in March 2019, and held the position of alternate company secretary prior to this. Ms Pratt worked in private commercial legal practice in Australia and the United Kingdom prior to joining Icon Water in 2013.

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.

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 | 6 | 6 |
| Carol Lilley | 6 | 6 |
| Ray Hezkial | 4 | 4 |
| John Knox | 1 | 1 |
| Rachel Peck | 5 | 6 |
| Dr Thomas Parry AM | 5 | 6 |
| Abigail Goldberg | 6 | 6 |
| Brett Tucker | 4 | 6 |
| Dorte Ekelund | 6 | 6 |

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 \$18,140,627 (2018: \$26,653,037) has been declared by the directors to be paid, which is 100% of 30 June 2019 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 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 2018-19 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.

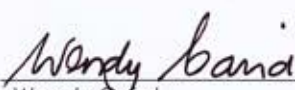
Auditor's independence declaration

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

Rounding of amounts

Icon Retail is a company of the 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
28 August 2019



Ray Hezkial
Director

Canberra
28 August 2019

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial report of Icon Retail Investments Limited (the Company) for the year ended 30 June 2019 which comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, directors' declaration and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report:

- (i) presents fairly, in all material respects, the Company's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended; and
- (ii) is presented in accordance with the *Corporations Act 2001* and comply with Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements and other mandatory financial reporting requirements in Australia.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of this report.

I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Company for 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 relevant 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.

Auditor's responsibilities for the audit of the financial report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company;
- conclude on the appropriateness of the Company's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether it represents the underlying transactions and events in a manner that achieves fair presentation.

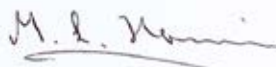
I communicate with the directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Michael Harris
Auditor-General
30 August 2019

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

In relation to the audit of the financial report of Icon Retail Investments Limited for the year ended 30 June 2019, 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.

A handwritten signature in black ink, appearing to read 'M. L. Harris', with a horizontal line underneath.

Michael Harris
Auditor-General
30 August 2019

This page is intentionally left blank.

Statement of profit or loss and other comprehensive income

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|----------------|----------------|
| Continuing operations | | | |
| Share of net profit of the joint venture partnership accounted for using the equity method | 2 | 25,845 | 38,075 |
| Other revenue from ActewAGL Retail Partnership | 2 | 69 | 69 |
| Other expenses arising from ordinary activities | | (15) | (16) |
| Profit before income tax equivalents expense | | 25,899 | 38,128 |
| Income tax equivalents expense | 3a | (7,758) | (11,475) |
| Profit for the year | | 18,141 | 26,653 |
| Profit is attributable to: | | | |
| Owners of Icon Retail Investments Limited | | 18,141 | 26,653 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 18,141 | 26,653 |

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

Statement of financial position

| | Note | 2019 \$'000 | 2018 \$'000 |
|---|------|----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Receivables | 5a | 6,737 | 6,737 |
| Investments accounted for using the equity method | 6 | 54,745 | 54,332 |
| Deferred tax balances | 7 | 2,475 | 2,754 |
| Total non-current assets | | 63,957 | 63,823 |
| Total assets | | 63,957 | 63,823 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables | 5b | 16 | 17 |
| Dividends payable | 4 | 18,141 | 26,653 |
| Total current liabilities | | 18,157 | 26,670 |
| Non-current liabilities | | | |
| Intercompany loan | 5b | 44,800 | 36,153 |
| Total non-current liabilities | | 44,800 | 36,153 |
| Total liabilities | | 62,957 | 62,823 |
| Net assets | | 1,000 | 1,000 |
| Equity | | | |
| Contributed equity | 8 | 1,000 | 1,000 |
| Total equity | | 1,000 | 1,000 |

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

Statement of cash flows

| | Note | 2019 \$'000 | 2018 \$'000 |
|---|------|-----------------|----------------|
| Cash flows from operating activities | | | |
| Distributions received from the ActewAGL Retail Partnership | | 25,500 | 36,000 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | (15) | (15) |
| Net cash inflow from operating activities | | 25,485 | 35,985 |
| Cash flows from financing activities | | | |
| Income tax equivalents paid by Icon Water | | (7,479) | (10,408) |
| Payments of dividends to Icon Water | 4 | (26,653) | (15,504) |
| Net cash outflow from financing activities | | (34,132) | (25,912) |
| Net (decrease) / increase in cash and cash equivalents | | (8,647) | 10,073 |
| Parent company intercompany Icon Water account movements | | | |
| Balance at the beginning of the financial year | | (36,153) | (46,226) |
| Balance at the end of the financial year | 5b | (44,800) | (36,153) |
| Total movement | | (8,647) | 10,073 |

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.

Statement of changes in equity

| | Note | Contributed Equity \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|---|------|---------------------------------|--------------------------------|---------------------------|
| 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 | | 1,000 | - | 1,000 |
| Balance at 1 July 2018 | | 1,000 | - | 1,000 |
| Profit for the year | | - | 18,141 | 18,141 |
| Transactions with owners in their capacity as owners: | | | | |
| Dividends provided for or paid | 4 | - | (18,141) | (18,141) |
| Balance at 30 June 2019 | | 1,000 | - | 1,000 |

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 financial liabilities
6. Investments accounted for using the equity method
7. Deferred tax balances
8. Contributed equity
9. Auditor's remuneration
10. Interests in joint ventures
11. Contingencies
12. Commitments for expenditure
13. Events occurring after the reporting period
14. 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. The financial statements are for Icon Retail Investments Limited (Icon Retail) as an individual entity. The financial statements are presented in the Australian currency (AUD).

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 under s334(5) of the *Corporations Act 2001* to early adopt any new Australian Accounting Standard in the current year and they are not expected to have a material impact.

(iv) *New and amended standards adopted*

Icon Retail has applied *AASB 9 Financial Instruments* and *AASB 15 Revenue from Contracts with Customers* for the first time for the annual reporting period commencing 1 July 2018. Icon Retail changed accounting policies following the adoption of *AASB 9* however this change did not have a material impact on the amounts disclosed in the financial statements. There was no impact resulting from the application of *AASB 15* as Icon Retail's revenue is outside the scope of this standard.

The adoption of all other 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 2019, current liabilities exceed current assets by \$18.2 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.

b) Rounding of amounts

Icon Retail is a company of the 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. Revenue from continuing operations

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Share of net profit of the ActewAGL Retail Partnership accounted for using the equity method | 25,845 | 38,075 |
| Other income from the ActewAGL Retail Partnership | 69 | 69 |
| | 25,914 | 38,144 |

Accounting policy

Icon Retail derives all of its revenue from the ActewAGL Retail Partnership. Icon Retail recognises the profit or loss as it is generated by the ActewAGL Retail Partnership.

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

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Current tax | | |
| Current tax equivalents expense recognised in the current year | 7,284 | 10,904 |
| Adjustment to prior year (i) | 195 | (496) |
| | 7,479 | 10,408 |
| Deferred tax | | |
| Deferred tax equivalents expense recognised in the current year | 450 | 546 |
| Adjustments to prior year (i) | (171) | 521 |
| | 279 | 1,067 |
| Income tax equivalents expense | 7,758 | 11,475 |

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

3. Income tax equivalents expense (continued)

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

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Profit from continuing operations before income tax expense | 25,899 | 38,128 |
| Tax at the Australian tax rate of 30% (2017-18: 30%) | 7,770 | 11,438 |
| Other Items: | | |
| - Non-deductible expenses | 2 | 19 |
| - Non-assessable income | - | (11) |
| - Share of ActewAGL Retail profits and partner share of profits | (38) | (21) |
| - Adjustments for income tax expense of prior periods | 24 | 25 |
| - Other | - | 25 |
| Income tax equivalents expense | 7,758 | 11,475 |

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 Icon Water'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

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Dividend payable at the beginning of the financial year | 26,653 | 15,504 |
| Amount appropriated from operating profit | 18,141 | 26,653 |
| | 44,794 | 42,157 |
| Amount paid during the year | (26,653) | (15,504) |
| Dividend payable at the end of the financial year | 18,141 | 26,653 |

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 financial liabilities

a) Receivables

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Non-current assets | | |
| Receivables from Icon Water for tax losses | 6,737 | 6,737 |
| | 6,737 | 6,737 |

Accounting policy

These amounts represent receivables from Icon Water relating to tax losses. Icon Retail holds the receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

b) Trade and other payables

| | 2019 | | | 2018 | | |
|-------------------|-------------------|-----------------------|-----------------|-------------------|-----------------------|-----------------|
| | Current \$'000 | Non-Current \$'000 | Total \$'000 | Current \$'000 | Non-Current \$'000 | Total \$'000 |
| Trade payables | 16 | - | 16 | 17 | - | 17 |
| Intercompany loan | - | 44,800 | 44,800 | - | 36,153 | 36,153 |
| | 16 | 44,800 | 44,816 | 17 | 36,153 | 36,170 |

Accounting policy**Trade and other payables**

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method. They represent liabilities for goods and services provided to Icon Retail prior to the end of the financial year and which are unpaid. Trade payables are unsecured and are usually paid within 30 days of recognition. The amounts are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Intercompany loan

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

6. Investments accounted for using the equity method

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Non-current assets | | |
| Investments in the ActewAGL Retail Partnership and ActewAGL Retail Investments Pty Ltd | 54,745 | 54,332 |
| | 54,745 | 54,332 |

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 2018-19.

7. Deferred tax balances

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| The balance comprises temporary differences attributable to: | | |
| - Share of profit from ActewAGL Retail Partnership | 7,546 | 7,996 |
| - Adjustment to prior year tax (i) | (5,071) | (5,242) |
| - Accrual | 3 | 3 |
| - Other | (3) | (3) |
| | 2,475 | 2,754 |
| Movements: | | |
| Balance at the beginning of the year | 2,754 | 3,822 |
| Charged / (Credited): | | |
| - to profit or loss | (279) | (1,068) |
| Balance at the end of the year | 2,475 | 2,754 |

7. Deferred tax balances (continued)

| | Share of profit from ActewAGL Retail Partnership \$'000 | Adjustment to prior year deferred tax (i) \$'000 | Accrual \$'000 | Other \$'000 | Total \$'000 |
|------------------------|---|---|-------------------|-----------------|-----------------|
| At 1 July 2017 | 8,542 | (4,720) | 3 | (3) | 3,822 |
| Charged / (Credited): | | | | | |
| - profit or loss | (546) | (522) | - | - | (1,068) |
| At 30 June 2018 | 7,996 | (5,242) | 3 | (3) | 2,754 |
| At 1 July 2018 | 7,996 | (5,242) | 3 | (3) | 2,754 |
| Charged / (Credited): | | | | | |
| - to profit or loss | (450) | 171 | - | - | (279) |
| At 30 June 2019 | 7,546 | (5,071) | 3 | (3) | 2,475 |

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

8. Contributed equity

| | 2019 Shares | 2018 Shares | 2019 \$'000 | 2018 \$'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.

9. Auditor's remuneration

During the year the following fees were paid or payable for audit services provided by the auditor of the Group, the ACT Audit Office:

| | 2019 \$'000 | 2018 \$'000 |
|-----------------------------------|----------------|----------------|
| Audit of the financial statements | 17 | 17 |
| | 17 | 17 |

10. 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:

| | 2019 \$'000 | 2018 \$'000 |
|-------------------|----------------|----------------|
| Lease commitments | 4,075 | 4,786 |
| | 4,075 | 4,786 |

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 2019.

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 2019 (30 June 2018: nil).

11. Contingencies

No contingent liabilities are known to the directors at the date of this report (30 June 2018: nil).

12. Commitments for expenditure

At 30 June 2019, Icon Retail had not committed to any future capital expenditure (30 June 2018: nil).

13. Events occurring after the reporting period

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

14. 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
Ray Hezkial, Director (appointed 29 November 2018)
John Knox, Director (resigned 11 November 2018)
Rachel Peck, Director
Dr Thomas Parry AM, Director
Abigail Goldberg, Director
Brett Tucker, Director
Dorte Ekelund, Director

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 2019 (30 June 2018: nil).

(ii) *Retirement benefits*

There were no retirement benefits paid to directors at 30 June 2019 (30 June 2018: nil).

(iii) *Loans to directors*

There were no loans to any directors at 30 June 2019 (30 June 2018: 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
Ray Hezkial, Director (appointed 29 November 2018)
John Knox, Director (resigned 11 November 2018)
Rachel Peck, Director
Dr Thomas Parry AM, Director
Abigail Goldberg, Director
Brett Tucker, Director
Dorte Ekelund, Director

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

14. Related party transactions (continued)

d) Parent entity

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

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:

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Revenue from the ActewAGL Retail Partnership | 25,914 | 38,144 |
| 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 | 18,141 | 26,653 |
| - Intercompany loan liability – Icon Water | 44,800 | 36,153 |

Directors' declaration

In the directors' opinion:


- (a) the financial statements and notes set out on pages 11 to 24, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Icon Retail's financial position as at 30 June 2019 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. The financial statements were authorised for issue by the directors on 28 August 2019. The directors have the power to amend and reissue the financial statements.



Wendy Caird
Chair

Canberra
28 August 2019



Ray Hezkial
Director

Canberra
28 August 2019

ActewAGL Joint Venture
Summary financial report
for the year ended 30 June 2019

ActewAGL Joint Venture Summary financial report - 30 June 2019

Contents

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

Introduction to the summary financial report

Basis of preparation

This summary financial report is based on the special purpose financial report for the ActewAGL Joint Venture for the year ended 30 June 2019.

Profit

Profit for the year ended 30 June 2019 was \$176 million, compared to the prior year's profit of \$186 million.

Total revenue from continuing operations for the year ended 30 June 2019 was \$961 million compared to \$935 million in the prior year. The increase is primarily due to the increased sale and distribution of energy and an increase in gifted asset revenue in our energy networks business Evoenergy.

Total expenses from continuing operations for the year ended 30 June 2019 were \$785 million compared to \$749 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 \$265 million from its operating activities for the year ended 30 June 2019 compared to \$212 million in the prior year.

Net cash outflows used in investing activities were \$100 million for the current year, compared to \$107 million for the prior year. The decrease in net cash outflows is mainly driven by the expected timing of next years capital works program in Evoenergy.

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, \$118 million was distributed to ActewAGL's Partners, \$15 million lower than the \$133 million in the prior year primarily due to the decrease in profit.

Financial position

At 30 June 2019, the Joint Venture had net assets of \$1,494 million compared to \$1,439 million in the prior year. The increase is mainly due to an increase in the capital investment in the energy network. Cash available at 30 June 2019 was \$85 million, \$44 million higher than the prior year primarily due to the timing of working capital requirements including payments for energy purchases and the capital works program. Current assets were \$309 million compared to \$290 million in the prior year. Current liabilities were \$221 million compared to \$213 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 \$1,323 million, compared to \$1,268 million in the prior year, the increase is primarily due to the capital investment in the energy network.

Partners' return

The return on funds employed for the current financial year based on the profit was 12% compared to 13% in the prior year.

The summarised financial report is consistent with the special purpose financial report from which it is derived.

ActewAGL Joint Venture
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

| | 30 June 2019 \$'000 | 30 June 2018 \$'000 |
|--|------------------------------------|---------------------------|
| Revenue from continuing operations | <u>960,650</u> | 934,586 |
| Total income | <u>960,650</u> | 934,586 |
| Energy purchases and network distribution costs | (535,601) | (502,132) |
| Employment costs | (92,438) | (91,407) |
| Depreciation and amortisation expense | (73,136) | (66,231) |
| Project related expenses | (23,011) | (25,313) |
| Contract expenses | (14,797) | (15,058) |
| Selling expenses | (13,543) | (14,990) |
| Lease expenses | (5,020) | (5,065) |
| Finance costs | (1,972) | (2,671) |
| Material costs | (489) | (1,934) |
| Other expenses | (24,714) | (24,220) |
| Total expenses | <u>(784,721)</u> | (749,021) |
| Share of net profit/(loss) of joint ventures accounted for using the equity method | <u>(361)</u> | 221 |
| Profit for the year | 175,568 | 185,786 |
| Profit for the year is attributable to: | | |
| Partners of the ActewAGL Joint Venture | <u>175,568</u> | 185,786 |
| | <u>175,568</u> | 185,786 |
| Other comprehensive income for the year | <u>-</u> | - |
| Total comprehensive income for the year | <u>175,568</u> | 185,786 |
| Total comprehensive income for the year is attributable to: | | |
| Partners of the ActewAGL Joint Venture | <u>175,568</u> | 185,786 |
| | <u>175,568</u> | 185,786 |

**ActewAGL Joint Venture
Statement of financial position
As at 30 June 2019**

| | 30 June 2019 \$'000 | 30 June 2018 \$'000 |
|---|------------------------------------|---------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 85,294 | 40,852 |
| Trade and other receivables | 83,136 | 90,622 |
| Contract assets | 119,655 | 139,824 |
| Inventories | 11,706 | 9,962 |
| Other current assets | 9,183 | 8,354 |
| Total current assets | 308,974 | 289,614 |
| Non-current assets | | |
| Investments accounted for using the equity method | 1,357 | 1,959 |
| Receivables | 1,605 | 1,639 |
| Plant and equipment | 1,322,708 | 1,268,108 |
| Intangible assets | 102,929 | 116,611 |
| Total non-current assets | 1,428,599 | 1,388,317 |
| Total assets | 1,737,573 | 1,677,931 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 71,530 | 69,607 |
| Contract liabilities | 120,551 | 115,121 |
| Provisions | 25,598 | 24,017 |
| Other current liabilities | 3,738 | 4,000 |
| Total current liabilities | 221,417 | 212,745 |
| Non-current liabilities | | |
| Contract liabilities | 4,344 | 6,439 |
| Provisions | 6,422 | 7,676 |
| Other non-current liabilities | 11,557 | 11,584 |
| Total non-current liabilities | 22,323 | 25,699 |
| Total liabilities | 243,740 | 238,444 |
| Net assets | 1,493,833 | 1,439,487 |
| JOINT VENTURE FUNDS | | |
| Joint Venture funds | 1,493,833 | 1,439,487 |
| Total Joint Venture funds | 1,493,833 | 1,439,487 |

ActewAGL Joint Venture
Statement of changes in Joint Venture funds
For the year ended 30 June 2019

| | Total Joint Venture funds \$'000 |
|--|---|
| Balance at 1 July 2017 | <u>1,386,701</u> |
| Profit for the year | 185,786 |
| Other comprehensive income for the year | - |
| Total comprehensive income for the year | <u>185,786</u> |
| Transactions with Partners in their capacity as Partners: | |
| Distributions paid | <u>(133,000)</u> |
| Balance at 30 June 2018 | <u>1,439,487</u> |
| | Total Joint Venture funds \$'000 |
| Balance at 1 July 2018 | 1,439,487 |
| Change in accounting policy | <u>(3,222)</u> |
| Restated Joint Venture funds at 1 July 2018 | <u>1,436,265</u> |
| Profit for the year | 175,568 |
| Other comprehensive income for the year | - |
| Total comprehensive income for the year | <u>175,568</u> |
| Transactions with Partners in their capacity as Partners: | |
| Distributions paid | <u>(118,000)</u> |
| Balance at 30 June 2019 | <u>1,493,833</u> |

ActewAGL Joint Venture
Statement of cash flows
For the year ended 30 June 2019

| | 30 June | 30 June |
|---|------------------|-----------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Receipts from customers (inclusive of GST) | 1,085,358 | 1,024,009 |
| Payments to suppliers and employees (inclusive of GST) | (821,836) | (813,465) |
| | 263,522 | 210,544 |
| Interest received | 2,065 | 2,081 |
| Interest and other costs of finance paid | (532) | (549) |
| Net cash flow inflow from operating activities | 265,055 | 212,076 |
| Cash flows from investing activities | | |
| Payments for plant and equipment | (87,809) | (85,122) |
| Payments for intangible assets | (12,836) | (20,444) |
| Proceeds from sale of plant and equipment | 742 | 1,172 |
| Distributions received from equity method investees | 100 | - |
| Payment for investments accounted for using the equity method | (157) | (1,738) |
| Loans to related parties | - | (500) |
| Net cash (outflow) from investing activities | (99,960) | (106,632) |
| Cash flows from financing activities | | |
| Distributions paid to Partners | (118,000) | (133,000) |
| Finance lease payments | (2,653) | (2,665) |
| Net cash (outflow) from financing activities | (120,653) | (135,665) |
| Net increase/(decrease) in cash and cash equivalents | 44,442 | (30,221) |
| Cash and cash equivalents at the beginning of the year | 40,852 | 71,073 |
| Cash and cash equivalents at the end of the year | 85,294 | 40,852 |

**ActewAGL Joint Venture
Joint Venture Board's declaration
For the year ended 30 June 2019**

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

In the 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 2019 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 Partnerships which form the basis of the Joint Venture will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Joint Venture Board.



Dr Thomas Parry
Chair
Canberra
28 August 2019



Ray Hezkial
Board Member
Canberra
28 August 2019

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL REPORT

To the Partners of the ActewAGL Joint Venture

Opinion

I have audited the summary financial report of the ActewAGL Joint Venture (the Joint Venture) for the year ended 30 June 2019 which comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in the joint venture funds, statement of cash flows and the ActewAGL Joint Venture Board's (the Board's) declaration. The summary financial report has been derived from the audited special purpose financial report of the ActewAGL Joint Venture for the year ended 30 June 2019.

On 30 August 2019, I issued an unmodified auditor's report on the special purpose financial report of the Joint Venture for the year ended 30 June 2019.

In my opinion, the summary financial report, derived from the audited special purpose financial report of the Joint Venture for the year ended 30 June 2019, is materially consistent with the special purpose financial report.

Emphasis of matter – basis of accounting and restriction on distribution and use

Without modifying my opinion, I draw attention to the Introduction to the summary financial report and Joint Venture Board's declaration which describe the basis of accounting. The summary financial report has been prepared to assist the ActewAGL Joint Venture to meet the financial reporting requirements of the *ACTEW/AGL Partnership Facilitation Act 2000*. As a result, the summary financial report may not be suitable for another purpose.

The auditor's report is intended solely for the Partners of the Joint Venture and should not be distributed to or used by parties other than the Partners of the Joint Venture.

Summary financial report

The summary financial report does not contain all Australian Accounting Standard disclosures applied by the Joint Venture in preparing the audited special purpose financial report. Reading the summary financial report and auditor's report thereon, therefore, is not a substitute for reading the audited special purpose financial report or auditor's report.

Responsibilities of the Joint Venture for the summary financial report

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

Auditor's responsibilities

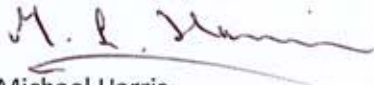
I am responsible for expressing an opinion on whether the summary financial report is consistent, in all material respects, with the audited special purpose financial report based on procedures conducted in accordance with Australian Auditing Standard ASA 810: 'Engagements to Report on Summary Financial Statements'.



Michael Harris
Auditor-General
30 August 2019

Auditor's Independence Declaration

In relation to the audit of the summary financial report of the ActewAGL Joint Venture for the year ended 30 June 2019, 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.



Michael Harris
Auditor-General
30 August 2019



APPENDICES

COMPLIANCE STATEMENT

The Icon Water Limited (Icon Water) Annual Report must comply with the 2019 Annual Report Directions (the Directions). The Directions are found at the ACT Legislation Register: 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 2018–19 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 |
| C.3 Capital Works | Government policy – not applicable to Icon Water Icon Water's major capital works are detailed in Section 3 |
| C.4 Asset Management | Government policy – not applicable to Icon Water Details of Icon Water's Asset Management Strategy are detailed in Section 3 |
| C.5 Government Contracting | Government policy – not applicable to Icon Water |
| C.6 Statement of Performance | Government policy – not applicable to Icon Water Icon Water's performance is detailed in section 4 and audited financial statements are provided at Section 6 Financial statements |
| D.1 Dangerous substances | Not applicable to Territory-owned corporations Icon Water's advice that it has nil information to report is detailed in the Compliance Statement |
| D.2 Medicines, poisons and therapeutic goods | Not applicable to Territory-owned corporations 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 & 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

| | |
|--------|---|
| AGL | The Australia Gas Light Company |
| ANU | Australian National University |
| BOP | Bushfire Operational Plan |
| CRC | Cooperative Research Centre |
| FTE | Full Time Equivalent |
| GL | Gigalitres |
| ICRC | Independent Competition and Regulatory Commission |
| ICT | Information and Communications Technology |
| IDIL | Icon Distribution Investments Limited |
| IMS | Integrated Management System |
| IRIL | Icon Retail Investments Limited |
| KMP | Key management personnel |
| LGC | Large Generation Certificates |
| LMWQCC | Lower Molonglo Water Quality Control Centre |
| M2G | Murrumbidgee to Googong |
| ML | Megalitres |
| PID | Public Interest Disclosure |
| PV | Photovoltaic |
| RAP | Reconciliation Action Plan |
| SCADA | Supervisory Control and Data Acquisition System |
| SCI | Statement of Corporate Intent |
| SDG | Sustainable Development Goals |
| TOC | Territory-owned Corporation |
| WSAA | Water Services Association of Australia |

ALPHABETICAL INDEX

Aboriginal and Torres Strait Islander
community engagement

Accountability

Assets

Auditor-General and Ombudsman reports

Board

Bushfire risk management

Business strategy

Community engagement

Community Support Program

Compliance statement

Customer experience

Ecologically sustainable development

Emergency and continuity management

Energy investment

Executive leadership team

Financial management analysis

Financial reports

Fraud prevention

Freedom of information

Glossary of acronyms

Human Rights Act

Internal audit

Key performance outcomes

Legal services directions

Legislative Assembly Committee inquiries
and reports

Message from the Chair and Managing
Director

Network

Omissions report

Performance

Public interest disclosure

Research, development and innovation

Risk management

Staffing

Staffing profile

Sustainable development performance
reporting

Territory records management

Water quality

Water operations

Water security

Work health and safety

Year in review

Principal Registered Office

Level 5, ActewAGL House
40 Bunda Street
Canberra ACT 2600

Mitchell Office

12 Hoskins Street
Mitchell ACT 2911

Postal address

Icon Water
GPO Box 366
Canberra ACT 2601


ACN: 069 381 960


ABN: 86 069 381 960

Talk to us

E talktous@iconwater.com.au

T (02) 6248 3111

 @iconwater

 @iconwater

iconwater.com.au

TTY for Hearing Impaired

133 677

Language assistance

13 14 50, 24 hours

للحصول على مساعدة لغوية، اتصل بالرقم أعلاه
如需语言方面的协助，请打上述号码
برای کمک زبانی به شماره بالا تلفن بزنید
மொழிபெயர்ப்பாளர் உதவியைக் கேட்க உடன் இலக்கத்தை அழைப்புகள்
Nếu cần thông dịch viên, hãy gọi đến số trên đây

© Icon Water Limited (Icon Water) 2019

This work is copyright. Excluding any use as permitted under the Copyright Act 1968, no part may be reproduced by any process without prior permission from Icon Water or its successors.

Requests and inquiries concerning reproduction rights should be directed to the Company Secretary, Icon Water Limited, GPO Box 366, Canberra ACT 2601.

Information about Icon Water and an electronic version of this report can be found at iconwater.com.au.

