

2019 – 20  
**ANNUAL  
REPORT**  
to the ACT Government



**ACT**  
Government

**icon**  
WATER





2 September 2020

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) 2019–20 Annual Report.

This report has been prepared in accordance with section 7 of the *Annual Reports (Government Agencies) Act 2004*, Section 22 of the *Territory-owned Corporations Act 1990* and in accordance with the requirements under the Annual Report Directions.

It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by Icon Water Limited.

I certify that information in the attached annual report, and information provided for whole of government reporting, is an honest and accurate account and that all material information on the operations of Icon Water Limited has been included for the period 1 July 2019 to 30 June 2020.

I hereby certify that fraud prevention has been managed in accordance with the Public Sector Management Standards 2006 (repealed), Part 2.3 (see section 113, Public Sector Management Standards 2016).

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you present the report to the Legislative Assembly within 15 weeks after the end of the reporting year. However, under section 14, the Chief Minister has granted an extension of the time when the report must be presented by you to the Legislative Assembly. The Chief Minister has granted the extension to 18 December 2020.

The annual report must be provided to the Speaker on 18 December 2020 for distribution to each Member of the Legislative Assembly. The annual report must then be tabled in the Legislative Assembly on the next sitting day.

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



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# MESSAGE FROM THE CHAIR AND MANAGING DIRECTOR

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We are pleased to present Icon Water Limited's Annual Report 2019–20 to the ACT Government and the Canberra and region community.

At Icon Water we're committed to being a valued partner in our community – and this has been more important than ever this year as we've faced bushfires, smoke, heatwaves, hailstorms and the COVID-19 pandemic.

With this in mind, we'd like to take this opportunity to acknowledge our people on the frontline, in the field and in our plants. These professionals have worked night and day – literally – to provide vital water and sewerage services to the community. The impressive commitment of these teams has meant our services have not been disrupted due to COVID-19.

Many of our customers have been impacted financially by the pandemic, both at home and in their businesses. This has been front of mind for us, which is why we made the decision to freeze the combined water and sewerage price for 12 months from 1 July 2020. Although we continue to review our expenditure to ensure that it is efficient, this decision does place a degree of financial pressure on our business. However, supporting the Canberra community is an important part of who we are and we're pleased to be able to provide some practical help to those in need, in what is an extraordinary and challenging time.

We take our role in managing the ACT and Queanbeyan's water security seriously and a key priority is to safeguard the community's water supply. The ACT and region has seen good rainfall since February 2020 with a number of months receiving above average rainfall. Prior to this, however we experienced some of the driest years on record and as a result it will take time to see our dam levels increase. Thanks to our Care for Water Campaign, awareness of

our permanent water conservation measures increased in the community and, combined with the welcome rain and decreased temperatures, consumption figures for autumn were the lowest we have seen for the last three years.

We are pleased to share our key achievements over this reporting period. These include our 'Live Well' safety initiatives, which continue to support healthy minds and bodies across the workplace. Innovation has also been a key focus with the development of an innovative engineering solution to reduce the musculoskeletal load on field workers when lifting maintenance access covers. The solution known as 'Cracker Jack' is an industry first and a credit to the collective effort of our engineering and safety teams.

In 2019–20 we achieved strong financial results for the year with net profit of \$80.3m, \$6.9m above budget. Dividends paid to our shareholders totalled \$58.5m as well as income tax equivalent payments totalling \$45.4m. Our energy investment has made a significant contribution to our overall result, contributing \$57.8m.

Over the reporting year we were also able to deliver \$110m of capital expenditure. This investment in our infrastructure directly supports us to deliver high quality drinking water and environmentally sustainable and affordable water and sewerage services to the growing population of Canberra.

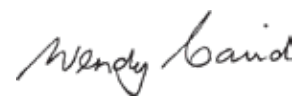
On 1 May 2020, Rachel Peck's term on the Board concluded. Ms Peck has been a non-executive Director since May 2011 and made a considerable contribution over her tenure on the Board. We also farewellled Abigail Goldberg who resigned from her role in January 2020 having played a key role since her appointment in July 2017. The Executive and Board recognise and appreciate the effort Ms Peck and Ms Goldberg have

given to their roles on the Icon Water Board and wish them well in their future endeavours.

On 2 May 2020, following an extensive recruitment process, Helen Locher and Peter Dennis were appointed as non-executive Directors. Both Dr Locher and Mr Dennis bring a breadth of experience to the Board and we are certain that their skills and strengths, particularly in engineering and environmental science in the water industry, will make significant contributions to the Board. We are also pleased to confirm that in April 2020, the Voting Shareholders reappointed Mr Brett Tucker as a non-executive Director for a second three-year term, commencing 10 July 2020.

As we look back on the many achievements outlined in this report, as well as the challenges, the Board and Executive would like to thank the people who make up the Icon Water team. Your collective effort and commitment to serving the community during both the bushfire season, and the ongoing COVID-19 pandemic, is a credit to you all.

As a business we have continued to provide support to our region with essential services, no matter what we have been faced with. It really is a testament to our people, and a testament to our values – safety, excellence and openness.



**WENDY CAIRD**

Chair  
Icon Water



**RAY HEZKIAL**

Managing Director  
Icon Water



ORGANISATION



## ABOUT US

At Icon Water Limited (Icon Water), we've been part of the Canberra and region community for more than 100 years. Every day, we're proud to support our region by sourcing, treating and supplying water to the Canberra and Queanbeyan communities, and managing Canberra's sewerage services.

We are an unlisted public company owned by the ACT Government. 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. There are two Voting Shareholders: the ACT Chief Minister, Andrew Barr MLA and the Minister for the Environment and Heritage, Mick Gentleman MLA.

Part of our remit is managing Canberra's network of dams, water treatment plants, sewage treatment plants, reservoirs, water and sewage pumping stations, pipes and other related infrastructure – an asset base that's valued at around \$2.6 billion. We also manage an investment,

valued at around \$1.0 billion, in the ActewAGL Joint Venture, which operates in the energy sector.

Our long-term water security allows us to support growth in Canberra and Queanbeyan. We're committed to providing these essential services that contribute to public health and the future prosperity and liveability of our region.

Importantly, we respect our role to protect the environment. We have Australia's largest inland sewage treatment plant, and 50 per cent of the water Canberra uses is returned to the environment as high quality environmental flows.

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

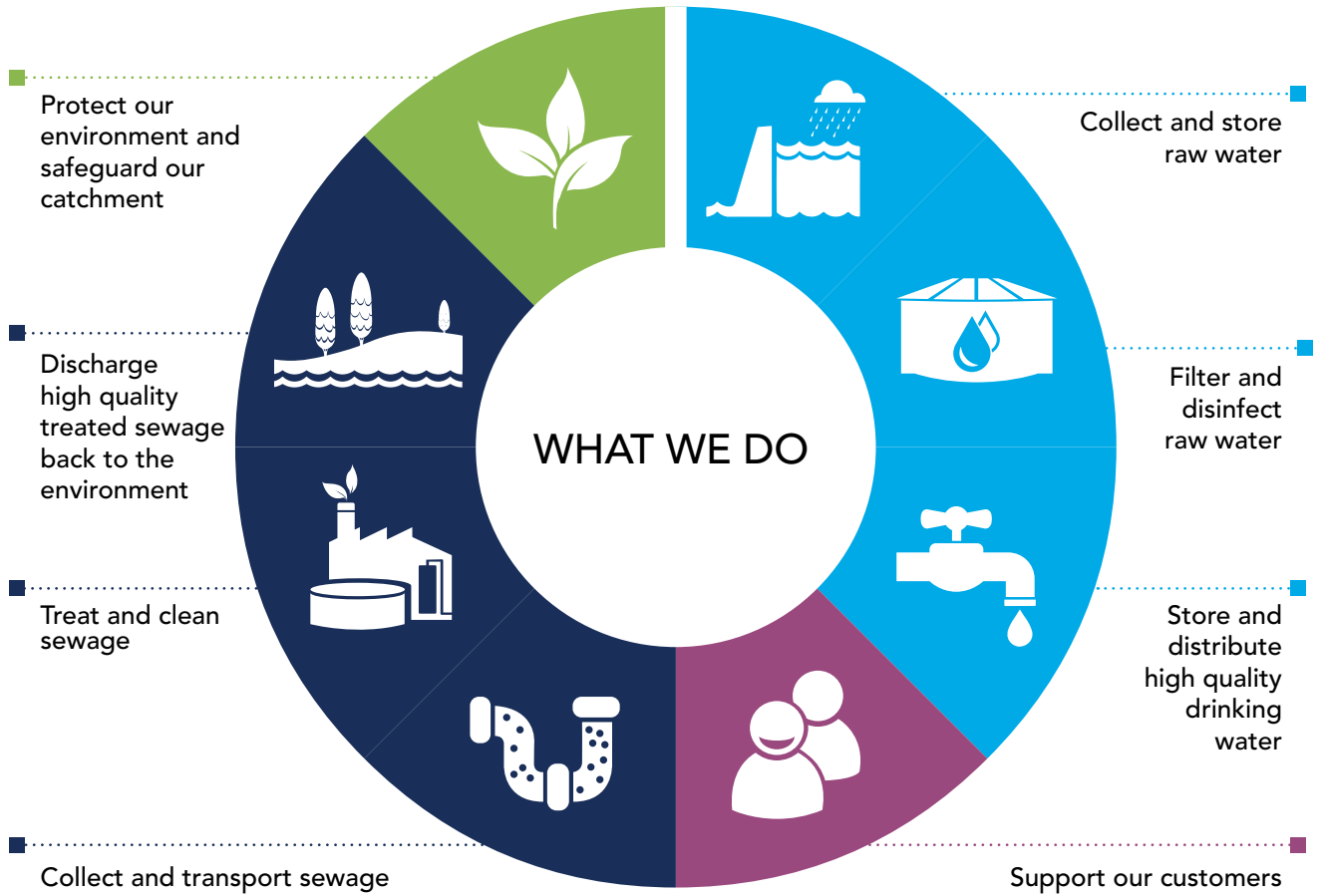
the performance targets in the *Business Strategy (Statement of Corporate Intent)*

- 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 objectives drive our strategic planning and the development of our vision and business strategies.

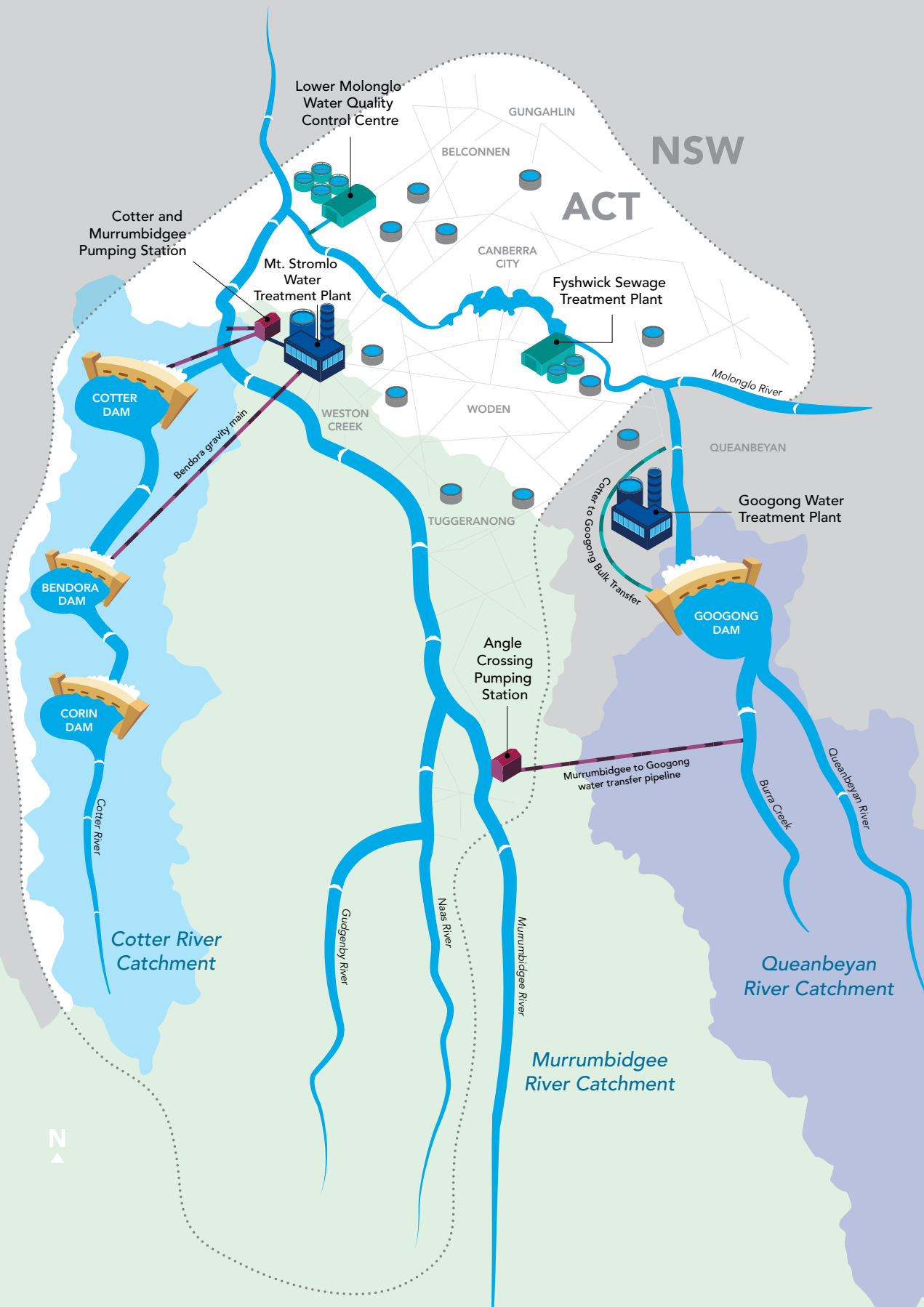


Figure 1: What we do at Icon Water



# OUR NETWORK

(WATER & SEWERAGE)



## OUR ASSETS

**\$2.6 billion**  
of water and sewerage related assets



**278 GL**

Combined  
dam capacity



**3,300km**

Network  
of water pipes



**24**

Water  
pumping  
stations



**2**

Water  
treatment  
plants



**48**

Reservoirs



**3,300km**

Network  
of sewer  
pipes



**26**

Sewage  
pumping  
stations



**4**

Sewage  
treatment  
plants

# ENERGY INVESTMENT

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Icon Water is unique in the utility industry. We provide water and sewerage services but we also manage an investment in the ActewAGL joint venture to provide energy services to the ACT and surrounding regions.

This joint venture was formed in October 2000 between Icon Water (previously ACTEW Corporation) and The Australian Gas Light Company (AGL). The result was ActewAGL – 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 the Icon Water Board sit on both of these subsidiary Boards.

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

ActewAGL Retail sells electricity and natural gas, and manages customer service and marketing functions in a competitive market. The service 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.

Our objectives for holding an investment in the ActewAGL joint venture are to:

- maximise return for our shareholders
- have regard to the ACT Government's ambitions in relation to liveability, planning, sustainability and climate change and a commitment to corporate social responsibility (including safety, customer service and customer satisfaction).

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

As at 30 June 2020, members of the ActewAGL Joint Venture Partnerships Board were:

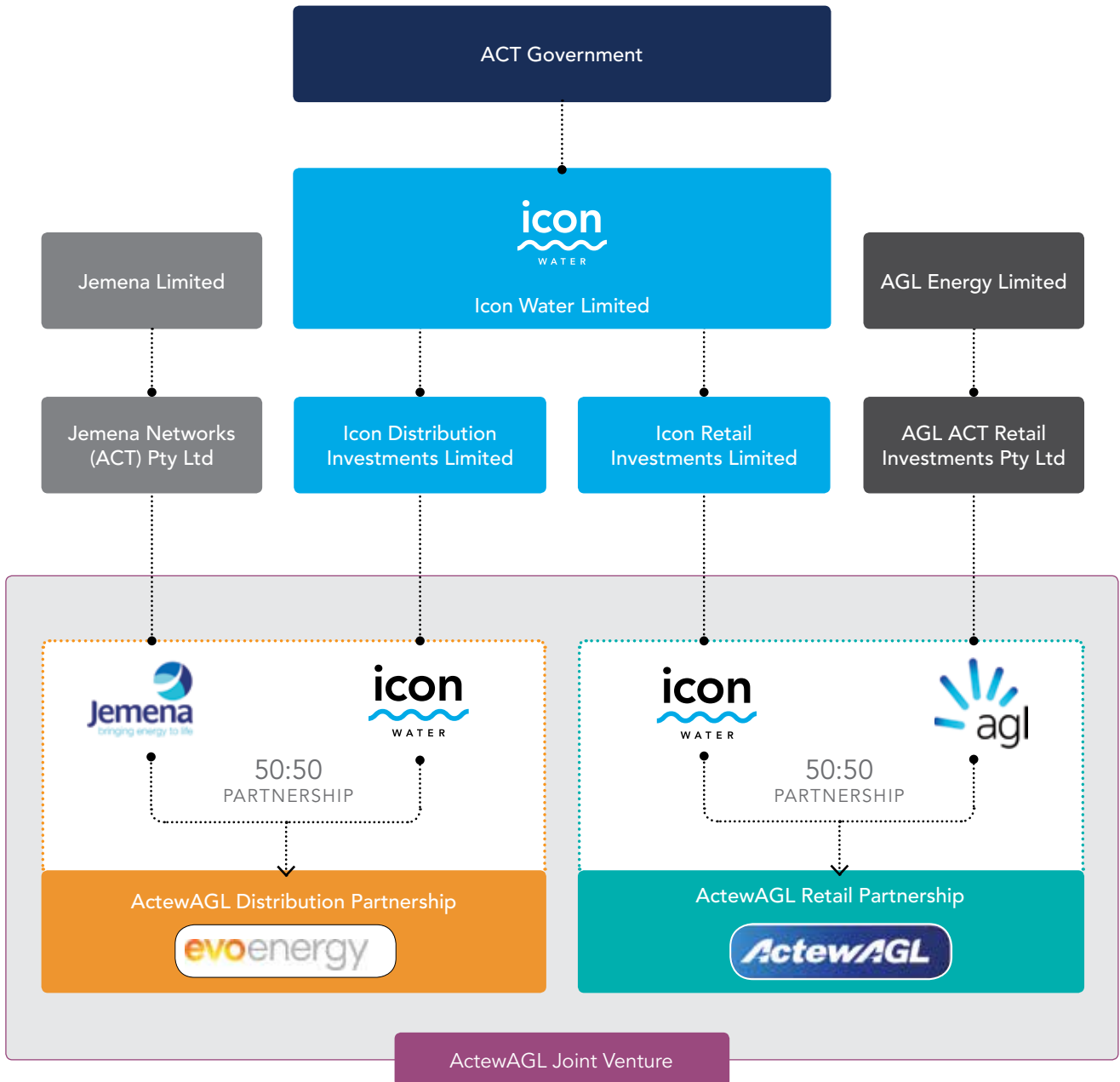
- Dr Thomas Parry, Icon Water (Chair)
- Ms Wendy Caird, Icon Water
- Mr Ray Hezkial, Icon Water
- Mr Damien Nicks, AGL (Deputy Chair)
- Mr Frank Tudor, Jemena
- Mr Sun Peng, Jemena

- Details of ActewAGL's financial performance for 2019–20 are available in the Financial Reports section. More information on ActewAGL is available at [actewagl.com.au](http://actewagl.com.au).

The ActewAGL joint venture, guided by the Joint Venture Partnerships Board, is committed to a sustainable energy future and is actively working on initiatives to promote and support efficient energy use in the ACT and surrounding regions. This includes the rollout of smart electricity meters in the ACT to enhance the ability of residential and commercial customers to effectively manage their energy requirements and costs.

A key focus of the ActewAGL joint venture is to evolve its business as the industry and operating environment shifts towards alternative energy, technological advancement, increased competition and net zero emissions by 2045.

Figure 2: 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

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Our Business Strategy 2019–20 to 2022–23 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 2019–20

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> 
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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 three key strategies:

Workplace strategies	Sustainable value strategies	Customer strategies
<p>Our objective to build a safe, innovative and inclusive workplace recognises that our people, and the environment in which they operate, are critical to delivering essential services to our community and region.</p> <p>A number of business units facilitate our workplace aspirations – we have specialist teams working on health and safety, injury management, organisational capability and people management. We also expect and enable our leaders to contribute to the kind of workplace we aspire to develop, and empower staff to align their behaviour with our core values of safety, excellence and openness.</p>	<p>Our objective to deliver sustainable value for our community and shareholders recognises the important role we play in Canberra and the region.</p> <p>A number of business units provide specific expertise to our aspiration to deliver sustainable value. These include a range of teams that work on capital expenditure projects to renew and grow our networks, operation of our plants, risk and emergency management, environmental management, and financial and commercial management. This work helps to ensure that we operate in a sustainable, prudent and efficient manner across all areas of the business.</p>	<p>Our objective to enhance the customer experience reflects our commitment to delivering quality products and services that our customers and community value.</p> <p>All of our people are involved in supporting our customer aspirations, whether they serve internal customers, or directly or indirectly serve our valued external customers. In particular, a number of specialist teams serve our external customers – including those who maintain our water and sewerage networks, work with developers to grow the networks, ensure efficient and effective customer management, and work with our community partners.</p>



## THE BOARD

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As a Territory-owned corporation, Icon Water is governed by a number of statutes and a constitution. 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.

At 30 June 2020, 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 eight times during the financial year, including the Annual General Meeting. Details of attendance at Board and Committee meetings are on page 23 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 2020 the Risk and Assurance Committee consisted of three Directors and met five times during the financial year. The Board Remuneration Committee consisted of all Directors and met four times.

At 30 June 2020 all eight Directors sat on the subsidiary Boards of each of Icon Retail Investments Limited and Icon Distribution Investments Limited. Further details on their

Board membership and Director attendance is provided within the Financial Reports.

In May 2020, following the departure of two non-executive Directors, Rachel Peck and Abigail Goldberg, the Voting Shareholders appointed Dr Helen Locher and Mr Peter Dennis to the Icon Water Board. Mr Brett Tucker was also re-appointed as a non-executive Director for a second three-year term from 10 July 2020.

Our Directors' profiles for this reporting period are outlined below.



**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 2020 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), including as NSW Branch Secretary, and National Secretary.



Carol Lilley was first appointed to the Icon Water Board in April 2013. She is Chair of Icon Water Board'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 is a full time independent board director and Audit Committee Member. She was a Partner of PricewaterhouseCoopers and was a financial statement and internal auditor for nearly 20 years. Her experience is in governance and assurance including financial statement audit, internal audit and project and risk management, with a particular focus on government.

Ms Lilley is currently Chair of two ACT Government Directorate Audit Committees (Chief Minister, Treasury and Economic Development Directorate and Transport Canberra and City Services Directorate). She also has various governance roles for Commonwealth Government entities (including as a Member of the Audit Committee for Services Australia and Chair for the Department of Home Affairs amongst others).

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.



**CAROL LILLEY**

Deputy Chair  
BCom, CIA, CGAP, FCA, GAICD

In 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. Mr Hezkial is also Member of the Icon Water Remuneration Committee. Mr Hezkial was appointed as a Member of the ActewAGL Partnerships Board and the ActewAGL Retail Investments Board in April 2019.

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. 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). Mr Hezkial is a Member of the Institution of Engineers Australia and of the Australian Institute of Company Directors.



**RAY HEZKIAL**

Managing Director  
BEng (Civil), DipPM, MBA,  
MIEAust, MAICD



### DR THOMAS PARRY

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 was a Director of Powerco New Zealand 2010–2019. He has been the Head of the School of Economics, University of New South Wales and Dean, Faculty of Commerce, University of Wollongong.

Dr Parry is currently a Director of Powering Australian Renewables Fund.

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.



### 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 both the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Mr Tucker has more than 28 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 a former 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, 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 Strategic Advisor – Office of CEO, SMEC; a Member of the Northern Territory Planning Commission; 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 land use and infrastructure planning across all levels of government and

various jurisdictions. Of particular relevance to Icon Water is her former role as 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, and 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  
BURP (Hons), MBA, FPIA, MAICD

Dr Helen Locher was appointed to the Icon Water Board in May 2020. 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. Dr Locher also sits on the Risk and Assurance Committee.

Dr Locher is currently a non-executive director of the Tasmanian Water and Sewerage Corporation (TasWater), and a tribunal member of the Resource Management and Planning Appeals Tribunal (Tasmania). She has had previous board roles with the Environmental Protection Agency (Tasmania) and the Resource Management and Planning Commission (Tasmania).

Dr Locher has 18 years of experience working in senior roles for Hydro Tasmania, more than 30 years doing international consulting work, and 13 years serving on boards. She has considerable experience

working with the water and energy industries, focused on environmental, social and sustainability challenges arising with major infrastructure development and operations across a variety of contexts. She has worked in more than 30 countries and on all continents, and as an independent consultant has delivered assignments for clients including the World Bank, International Finance Corporation, Asian Development Bank, Mekong River Commission and the International Hydropower Association. Dr Locher has received several international awards recognising her significant contributions to better addressing sustainability issues in the global hydropower sector.

Helen has a Bachelor of Science (Earth Science), a Masters of Environmental Science, a PhD in Civil Engineering, and is a Graduate of the Australian Institute of Company Directors.



**DR HELEN LOCHER**

Director  
BSc (Earth Science), MEnvSc (Environmental Science), PhD (Civil Engineering), GAICD

Appointed 2 May 2020



**PETER DENNIS**

Director  
B.Eng, M Environmental Studies,  
Dip Mgmt, FIEAust, CPEng,  
NER, FIE Aust, MAICD

Appointed 2 May 2020

Peter Dennis was appointed to the Icon Water Board in May 2020. He 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.

Mr Dennis is currently the Managing Director of Hunter H2O, a professional engineering services firm in the Australian water industry; a Director of the NSW Local Government Procurement Board; and a Director of the Australian Water Association.

Mr Dennis has over 30 years' water industry experience in Australia and overseas. Peter has been the Chief Executive Officer of Seqwater (Bulk Water Utility for South East Queensland); Chief Executive Officer of the Armidale Regional Council; as well as senior executive roles with Hunter Water Corporation. Peter has extensive experience in all aspects of water utility management including strategy development and execution, customer/community consultation, operational leadership, regulator engagement, policy development,

infrastructure delivery, ongoing asset management and workforce planning.

He has a strong interest in urban water management and in ensuring the water industry is resilient against the impact of climate variability. He has also been actively involved in supporting our Pacific neighbours to meet the challenges of sustainable water management.

Mr Dennis was included in the Top 100 most Influential Engineers in Australia (2014 and 2015) and awarded the Newcastle Division of Engineers Australia 'Professional Engineer of the Year' (2009).

Peter has a Bachelor of Engineering in chemical engineering, Masters of Environmental Studies, a postgraduate Diploma of Management, a Corporate Directors Diploma with high distinction, and is a Conjoint Professor in Engineering at the University of Newcastle. He also lectured in Environmental Process Technologies for over 15 years.



**RACHEL PECK**

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

Term concluded 1 May 2020

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 was 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 a 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.

Abigail Goldberg was appointed to the Icon Water Board in July 2017. She was 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).



#### ABIGAIL GOLDBERG

Director  
BSc (TRP hon), MUrbDes,  
MBA (Executive), FPIA, FAICD

Resigned 27 January 2020

## Company Secretary

### 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. She is admitted to practice law in the Supreme Court of the ACT and is a Member of the Australian Institute of Company Directors.

### JANE BREADEN

BBus, MSc, MMGsST,  
GCProfWrtg, GCPerfAudt

Resigned 26 February 2020

From March 2019, Ms Braden 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.

## THE EXECUTIVE LEADERSHIP TEAM

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### RAY HEZKIAL

Managing Director  
BEng (Civil), DipPM, MBA, MIEAust,  
MAICD

In 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. Mr Hezkial is also Member of the Icon Water Remuneration Committee. Mr Hezkial was appointed as a Member of the ActewAGL Partnerships Board and the ActewAGL Retail Investments Board in April 2019.

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. 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). Mr Hezkial is Member of the Institution of Engineers Australia and of the Australian Institute of Company Directors.



### JOY YAU

Chief Financial Officer  
BA (Hons), CA

Joy Yau is responsible for the overall financial management, asset strategy and business strategy of Icon Water, including oversight of its investment in ActewAGL. Ms Yau joined Icon Water in 2014 and has over 18 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, is a Member of Chartered Accountants Australia and New Zealand and is Member of the Australian Institute of Company Directors.

Davina McCormick joined Icon Water as General Manager, Customer Engagement in June 2018. She holds strategic responsibility for increasing customer focus, enhancing community engagement and delivering positive experiences for over 480,000 customers and community members.

With over 20 years of professional experience, Ms McCormick has a diverse range of customer and stakeholder engagement, marketing, project management and strategy

skills. Her experience spans new venture start-ups, global companies and government corporations in a range of sectors including financial services, energy, education and utilities.

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



**DAVINA MCCORMICK**

General Manager Customer Engagement  
BBus, MBA

Gerard Brierley leads the Infrastructure Services Group, which is responsible for the operation of our water and wastewater assets for the Canberra Community. He is responsible for setting the strategic direction for a large multi-disciplinary team of operational, engineering, maintenance, planning and project delivery professionals.

Mr Brierley has over 15 years of experience in the water and wastewater industry and has led

the development and delivery of investment programs within utilities as well as private industry. His expertise is in leading large, complex infrastructure projects with a particular focus on community and stakeholder liaison.

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



**GERARD BRIERLEY**

General Manager Infrastructure Services  
BE (Civil), GradCert (Economics)

Alison Pratt, General Counsel, leads the Legal and Governance Group which is responsible for governance frameworks which enable Icon Water to be reliable, consistent and resilient. She was appointed as 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. She is admitted to practice law in the Supreme Court of the ACT and is Member of the Australian Institute of Company Directors.



**ALISON PRATT**

General Counsel  
B.Ec, LLB (Hons), GDL, MAICD



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.

Bachelor of Business, Graduate Certificate in Professional Writing and a Graduate Certificate in Performance Audit.

Ms Breaden holds a Master of Science (Operations Research and Statistics), Master of Management Studies in Project Management,

### JANE BREADEN

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

Resigned 26 February 2020



Murray Heke joined Icon Water as the Chief Information Officer (CIO) in April 2019. Before this, he was the CIO for Seqwater in Queensland for four and a half years where he was responsible for defining and delivery of 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. He has extensive experience in strategic planning, business architecture, strategic program delivery, implementing process management and ICT operations.

### MURRAY HEKE

Chief Information Officer

Resigned 17 April 2020



## 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.

Table 1: Key management personnel remuneration

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	80,772	1,041	10,500	-	-	92,313
Carol Lilley Non-Executive Deputy Chair	64,619	550	8,400	-	-	73,569
Peter Dennis Non-Executive Director	6,523	-	848	-	-	7,371
Dorte Ekelund Non-Executive Director	40,353	-	5,246	-	-	45,599
Abigail Goldberg Non-Executive Director	23,114	-	3,005	-	-	26,119
Helen Locher Non-Executive Director	6,523	-	848	-	-	7,371
Thomas Parry Non-Executive Director	40,353	-	5,246	-	-	45,599
Rachel Peck Non-Executive Director	33,830	295	4,398	-	-	38,523
Brett Tucker Non-Executive Director	40,353	550	5,246	-	-	46,149
Ray Hezkial Managing Director	561,510	1,268	25,192	15,765	-	603,735
Joy Yau Chief Financial Officer	325,152	750	25,385	8,211	-	359,498

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				
<b>Davina McCormick</b> General Manager - Customer Engagement	324,706	455	28,886	7,924	-	361,971
<b>Gerard Brierley</b> General Manager - Infrastructure Services	319,708	771	25,192	8,090	-	353,761
<b>Alison Pratt</b> General Counsel	288,962	550	25,192	8,277	-	322,981
<b>Murray Heke</b> Chief Information Officer	271,061	277	20,145	-	-	291,483
<b>Other Senior Manager</b>	248,999	155	16,635	6,381	-	272,170
	<b>2,676,538</b>	<b>6,662</b>	<b>210,364</b>	<b>54,648</b>	<b>-</b>	<b>2,948,212</b>

Note references:

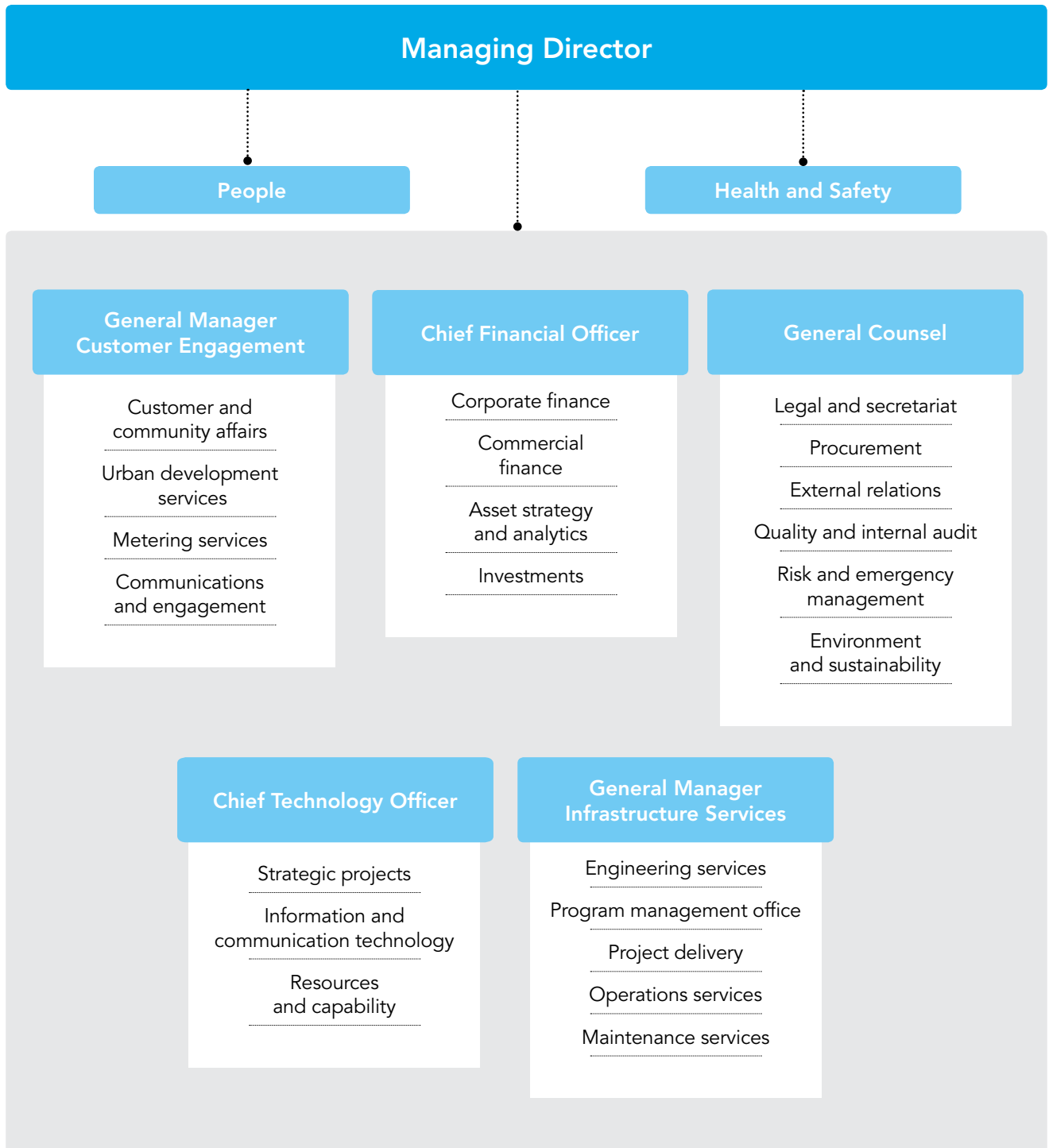
KMP disclosure within the financial statements includes the remuneration of all persons who are identified as being a KMP in the financial period, for the time they held a KMP position. In 2019–20, there were 16 KMP for Icon Water, 10 of these KMPs were Directors of Icon Water or its subsidiaries. The top 5 KMP other than Directors, are disclosed individually to reflect the requirements of the *Territory-owned Corporations Act 1990*. The 1 remaining KMP for the 2019–20 financial period is disclosed in Other Senior Manager.

- (i) Rachel Peck ceased holding office of director on 1 May 2020.
- (ii) Abigail Goldberg ceased holding office of director on 27 January 2020.
- (iii) Helen Locher and Peter Dennis commended as directors on 2 May 2020.
- (iv) Murray Heke ceased employment as Chief Information Office on 17 April 2020.
- (v) Other Senior Manager includes Jane Breden, General Manager Business Service who ceased employment on 26 February 2020.
- (vi) The superannuation calculation in the KMP note is calculated in accordance with accrual accounting. Superannuation contributions are generally made in accordance with tax concession guidelines. From a cash perspective, only Davina McCormick contributes above the \$25,000 tax concession limit.

# ORGANISATIONAL STRUCTURE

Icon Water is made up of five groups, each led by an executive. As at June 2020, we have 405 employees (401 full time equivalent). We review our organisational profile and staffing requirements as part of our regular budget planning and to make sure our operations remain prudent and efficient.

Figure 3: Icon Water's organisation chart



## OUR PEOPLE

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We work hard to make sure our workforce is diverse, capable and engaged – we know that these are inexorably linked to our ability to deliver our core purpose to the community.

The key initiatives and achievements in this space during 2019–20 are outlined below.

### Leadership, careers and development

Fifteen future leaders completed Icon Water's Next Wave six-month training initiative, where they developed key leadership and management skills needed to perform at the Team Leader level.

This is the second cohort to actively develop these skills through Next Wave – the first group completed in 2018 and of the 16 graduates, eight have acted in higher positions, and five have been successful in obtaining a permanent promotion within Icon Water.

We also continued our two-year structured graduate program for graduates from disciplines including electrical, mechanical and civil engineering, project management, ICT, commerce, finance and business. In 2019–20, two graduates from our 2018 intake completed their program and were successful in securing roles with Icon Water. Two graduates who commenced in 2018 are continuing their rotations and are both due to complete the program in 2020–21. Three new graduates commenced in January 2020.

### Recruiting for diversity

We continued 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 also reviewed our recruitment processes. This included continuing to ensure our job advertisements are free of gender bias language and that they encourage any interested person to apply, and partnering with external organisations to increase and diversify candidate pools. We've also actively promoted Icon Water as an employer of choice at the ACT tertiary careers fair and by publishing photos and video blogs on our website and on career platforms such as LinkedIn.

### Staff engagement

We conducted three staff engagement surveys in 2019–20 – two short pulse surveys and our comprehensive annual survey in June 2020. The latter in particular achieved a strong participation rate of 81 per cent and a mean engagement score of 3.54 out of 5. The percentage of engaged employees has risen by 4% from 2019 to 2020 (these results are based on the Gallup methodology which is very different to other engagement survey methods).

At the group level, there has been more movement with two of five groups seeing significant improvement, two groups remaining fairly steady, and one group seeing a downturn.

Safety sentiment has remained high with 80 per cent of staff responding favourably to the key safety item, reflecting the continued strong safety culture at Icon Water.



## STAFFING PROFILE

**401**

Staff members

300 Male  
101 Female

20-29 years	14	22
30-39 years	36	76
40-49 years	32	93
50-59 years	17	81
60+ years	1	29

**10.4**

Average years of service

 **11.9**  
Years

 **6.7**  
Years

Table 2: Staff profile by employment type and gender

	Female	Male	Total
Full Time Equivalent	101	300	401
Headcount	104	301	405
% of workforce (based on headcount)	26%	74%	100%

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

Employment category	Female	Male	Total
Casual	0	0	0
Permanent full-time	80	277	357
Permanent part-time	11	5	16
Temporary full-time	12	19	31
Temporary part-time	1	0	1
Total	104	301	405

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

Age Group	Female	Male	Total
20-29	14	22	36
30-39	36	76	112
40-49	32	93	125
50-59	17	81	98
60 and over	1	29	30
Total	101	300	401

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

	Female	Male	Average
Average years of service	6.7	11.9	10.6

Table 6: Workforce gender composition by occupation

	Female	Male	Average
Manager (Branch Manager and above)	3%	4%	7%
Non-Manager (Team Leader and below)	23%	70%	93%

Table 7: Gender profile of employment-related activities

Age Group	Female	Male	
Recruitment: candidates	21%	75%	(5% non-disclosed)
Recruitment: appointments	44%	56%	
Promotions	22%	78%	
Retention following maternity leave	100%	0%	
Resignations	23%	77%	

Table 8: Staff profile by equity and diversity groups (headcount)

	Number	Percentage
Aboriginal and Torres Strait Islander	9	2.2%
Culturally and linguistically diverse	31	7.7%
People with disability	7	1.7%
Total	47	11.6%





**Portia Condell**  
Environmental Scientist, Environment and Sustainability

**CASE STUDY**

**Celebrating International Day of Women and Girls in Science**

As an engineering and science-focussed organisation we were eager to take part in the United Nation’s International Day of Women and Girls in Science. We celebrated by interviewing our own award-winning environmental scientist, Portia Condell.

Portia works on catchment protection and land management and is this year’s Australian Water Association ACT’s Young Water Professional of the Year. Portia gave our community a glimpse into her daily work, why she enjoys it, how she deals with the ever-changing environment and

also what the future might hold for someone in her field.

You can watch the video interview via Icon Water’s YouTube channel.

# Ripple



**Submit an idea!**

**Vote for an idea.**



**CASE STUDY**

**Ripple**

In 2019–20 we continued to empower staff to collaborate and innovate using our online platform Ripple, an ideas management tool based on Crowdcity.

Off the back of previous successful challenges including our popular Thingymibobs (Tools) and Whatchamicallits (Apps), this year we ran the Grand Ideas campaign which invited staff to identify efficiencies across our business. 18 grand ideas

were submitted and moderated – for example an initiative to encourage our paper bill customers to receive bills electronically (which is more than 20 times cheaper). There were three finalists, two winners, and over 2,000 page views.

Outside of specific challenges, Ripple gives staff the ability to pitch an idea at any time, and collaborate with anyone else organisation wide to develop and refine it.

In 2019–20 alone staff pitched 102 ideas which were developed and refined through many hundreds of comments and votes. It has led to direct organisational benefits like collaborative problem solving around new, safer door opening mechanisms and the purchase of greener office consumables.



**18 GRAND IDEAS**





## CASE STUDY

## Flexible work arrangements

Icon Water recognises the evolving nature of work and supports our people with flexible work arrangements.

For example, Ben Bryant, who manages our Environment and Sustainability Branch, works flexible hours so he can spend quality time with his two daughters and balance work and home commitments.

*"I do an early start and school pickup two days a week, and school drop off and late finish three days a week. I use this time for homework, preparing lunches or dinner and doing activities together. The arrangements mean my wife can also have a career and our young kids aren't in before and after school care five days a week. I will sometimes swap days with my wife or book*

*casual care for the kids to meet work demands when required as this flexibility must work both ways".*

## WORK, HEALTH AND SAFETY

Safety is one of Icon Water's core values. For us, this means protecting and enhancing the wellbeing of all people affected by our work – that's our employees, contractors, suppliers, customers and the ACT community.

We're 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. Through this, we are able to achieve organisational objectives and support compliance with legal obligations including the *Work Health and Safety Act 2011 (ACT)*. Our health and safety

committee has 12 elected Health and Safety Representatives from across the business.

There has been an increase in recordable injuries compared to last year, primarily over the last five months of the financial year. As a result, the Total Recordable Injury Frequency Rate (TRIFR) has risen to 16.8 which is well above our target for 2019–20 of 7.1. Ninety per cent of these injuries were sprains and strains

or slipping on uneven ground. The onsite physiotherapy services were temporarily transferred online during the initial phase of COVID-19 and central support was slower in some instances, this staff health initiative has now been reinstated with specific hygiene controls. We are continuing our work to reduce hazardous manual tasks, and we're improving our on-site risk assessment methods to prevent these injuries.

There were four incidents reported to the safety regulator in 2019–20, the same number as reported in 2018–19. The incidents involved three underground service strikes and one pipe failure at a treatment plant. These incidents did not result in injuries to personnel.

As a result of the three service strikes, Icon Water increased the distance where non-destructive detection of underground services is required. If a water pipe is within one meter of a marked electrical or gas service hydro vacuuming or hand digging is required to identify the services before an excavator can be used.

Our Health and Safety Strategy delivered a number of improvement initiatives, including:

- Significantly reducing the risks associated with two potentially

hazardous and frequent manual maintenance tasks (lifting sewer lids and cutting steel pipes). This was achieved by the introduction of a mechanical lid lifter and a new diamond wire saw.

The diamond wire saw is hydraulically-driven and requires no manual lifting therefore removing the use of hand held 'quick cut' saw (see figure 4). The lid lifting tool was custom-developed by our Engineering and Health and Safety teams and eliminates the lifting of concrete and steel sewer lids (refer to page 50).

- Implementing a new chemical management database, and strengthening our training for key staff, following comprehensive reviews of our chemical management practices. We also

conducted chemical audits at all sites to identify and rationalise the chemicals used across the business.

We have reviewed our Health and Safety Strategy for 2020–2021 in light of the COVID-19 pandemic. This has meant we have postponed or redesigned some initiatives that involved training and group gatherings in order to manage risks associated with infection. The renewed focus will be on operational hazard management and improving mental and physical fitness. Mental health is a particular priority area of work due to the new pressures the pandemic has placed on individuals and businesses particularly stemming from altered work arrangements and social isolation.

Figure 4: Risk reduction of hazardous manual tasks



# Our *Live well* Health Initiatives



## CASE STUDY Live Well Health Framework

In February 2020 we released our organisational health strategy – the Live Well Health Framework. Through ‘Live Well’ staff can choose to connect with initiatives which support and develop healthier bodies and minds, and which create healthier places to work. We support our staff with:

- the opportunity to take part in the ‘Choose to Move’ lunchtime and early morning exercise program
- access to free onsite physiotherapy for work-based or personal injuries or conditions, or preventative care
- the ‘Lifeblood’ teams’ blood donation journey, which to date has seen Icon Water staff make over 100 blood donations.
- the continuation of the ‘Live Well’ health calendar with three key month-long observances linked to our healthier bodies, minds and places initiatives.

Our work in this area saw us recognised as a Healthier Workplace by the ACT Government under their Healthier Work Recognition Scheme. We were also awarded ‘Rookie of the Year’ by Red Cross Lifeblood for the number of new donors and donations provided by our staff in 2019.



## CASE STUDY

### A mentally healthy workplace

We are committed to supporting a mentally healthy workplace. This year we developed and implemented a mental health toolkit for our leaders, and took the opportunity to observe both RUOK day and Mental Health Week on our 'Live Well' Health Calendar. This involved a full week of guest speakers from a range of backgrounds who shared their personal experiences of mental health with our staff.

For example, Darren Flanagan shared his experience in saving the lives of Todd Russel and Brant Webb in the

2006 Beaconsfield Mine collapse and spoke candidly about how being open and honest with your emotions can be a lifesaver.

Dr Brendan Nelson shared his views on the various pillars of resilience and strong mental fitness, and Martin Fisk, CEO of Menslink, spoke about the challenges and opportunities facing men and boys in the mental health space.



## CASE STUDY

### Choose to Move Program

We continued our Choose to Move program, an eight week group strength and conditioning program held at a local gym. The program supported our people with information and motivation to move, eat and sleep well.

The program saw small groups of staff complete twice-weekly, group-based exercise sessions focussed on functional fitness for all fitness levels.

Those who participated took part in pre-screening physicals before the program started, which included testing simple biometrics such as body weight and heart rate.

Exercise sessions followed a high intensity, interval training (HIIT) format, combining resistance training using various weights such as plates, kettlebells and the body, with

cardio – all of which work to improve strength and conditioning in useful life movements and functions.

The program wasn't only about exercise. At its core it encourages healthy eating, sleeping and relationships.

Six programs have now been completed involving work groups across the business. It not only improves health, but promotes relationship building and connections between staff, and has had a positive impact on engagement, trust and productivity.

This initiative, together with our increased focus on 'living well' across the business, has meant we've seen great improvements in our injury rates, particularly musculoskeletal injuries.





Nothing is more important than the safety of our people. Tragically, in 2019, 175 people in Australia were killed at work . That’s why we developed the Icon Water Life Saving Commitments – the latest extension of our comprehensive approach to safety.

The Commitments are 10 specific behaviours that all staff commit to, no matter how urgent or important the work is. They are clear, specific and

easy to remember – like “I will always bench or batter or shore excavations greater than 1.5m in depth”. When they are followed, they protect our people from the most likely causes of serious injury or death based on our industry risk profile.

We developed them as a team, with more than 270 of us (nearly 70 per cent of Icon Water) giving input – and we promote them heavily to make sure they are always front of

mind when we do our work. We also equip our people with the skills, and explicitly encourage them to start a ‘Courageous Conversation’ if they notice someone not adhering to a Life Saving Commitment.



**PARTNERING  
WITH OUR  
COMMUNITY**



## COMMUNITY SUPPORT PROGRAM

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We've been part of the Canberra community for more than 100 years, and it's important to us that our support of this community extends beyond water and sewerage services. One of the ways we do this is through our Community Support Program.

The program provides financial and in-kind assistance to local organisations through a framework that has been designed to maximise returns to the community. We focus particularly on supporting the organisations that deliver valuable local community support services and programs themselves, as well as various community activities that encourage community access and participation.

The Program has two primary objectives:

1

To meet the objectives under the *Territory-owned Corporations 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 our *Business Strategy* goals by providing a focused and efficient program that promotes our brand and meets our commitment to the community.

The guidelines we use to assess funding applications are published on our website. During 2019-20 we committed \$444,690 to sponsorships and donations through 43 groups, individuals and organisations.

Additional budget earmarked for this program was redirected towards increasing direct financial and hardship assistance under our customer support response to the COVID-19 pandemic.

**Table 9: Community Support Program**

#	Organisation – event/donation	2019–20 \$
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	Karinya House – mothers’ day ball and various campaigns	20,000
4	Orange Sky Laundry – Canberra shower van/shower van operations	18,182
5	OzHarvest – education program	16,364
6	Domestic Violence Crisis Support (DVCS) – various campaigns	15,000
7	YWCA Canberra – Hidden Women Program	15,000
8	St John Ambulance – schools education program and PAD program	15,000
9	Floriade – community watering and customer credits	14,370
10	Rise Above – Cancer Convoy	11,000
11	Friends of the Australian National Botanic Gardens Inc. – Summer Sounds Concert Series	11,000
12	St Vinnies – CEO Sleepout	10,010
13	Royal Life Saving ACT – day at the lake/ACT water safety week	10,000
14	Physical Activity Foundation	10,000
15	Kids in Care ACT – Christmas presents for kids in crisis	10,000
16	The Shepherd Centre for Deaf children – Awareness	10,000
17	SouthFest – Tuggeranong community festival	10,000
18	Greening Australia – bush tucker program	9,091
19	The ShowRoom – Building and renovators Exhibition	9,091
20	ACT Chief Ministers Inclusion Awards	7,500
21	Veterans Motorcycle Club	6,000
22	Barnados Australia – charity golf day	5,000
23	National Parkes Association – 60th Anniversary photography competition	5,000
24	The Salvation Army – Carols in the park	5,000
25	Canberra Special Kids Christmas Party	4,545
26	ACT Valley Dragons Masters	3,000
27	Western District Junior Cricket Club	3,000
28	ACT Men’s and Mixed Netball Association	3,000
29	Canberra Swimming Club	3,000
30	Wii-Ma-Li Touch Football Team	3,000
31	Tuggeranong Bulldogs Junior AFL	3,000
32	Solid Sista’s and Brotha’s Aboriginal Youth Program - Knightriders Rugby	3,000
33	Tuggeranong Bushrangers RLFC	3,000
34	Row 4 Life	2,173
35	Guide Dogs	2,500
36	Indigenous Reading Program	1,000
<b>Total</b>		<b>366,826</b>



**Table 10: Community inclusion**

#	Organisation – event/donation	2019–20 \$
1	Canberra Symphony Orchestra – Music by the River with QPRC	30,000
2	National Multicultural Festival	10,000
3	Shakespeare By the Lake – cultural performance	3,000
<b>Total</b>		<b>43,000</b>

**Table 11: Affiliated industry partners**

#	Organisation – event/donation	2019–20 \$
1	Ginninderra Catchment Group – Frog Watch Program (schools education)	12,500
2	Master Plumbers Association – awards nights and Icon Water community excellence award	15,000
3	Australian Water Association – Water Leaders Dinner	6,000
4	Community Radio 2XX Incorporated – Radio Landcare	1,364
<b>Total</b>		<b>34,864</b>



**CASE STUDY**

**Rise Above Cancer Convoy**

The Rise Above – Capital Region Cancer Relief Convoy has been an important event for many years at Icon Water and this year was no exception. In February 2020, 19 Icon Water trucks joined around 380 other vehicles for the convoy and fundraising event. We raised \$20,000

which will provide financial assistance and support to patients of all ages who are diagnosed with any type of cancer.

Many of our Maintenance staff are regular volunteers each year, both through cleaning their trucks and driving in the convoy.



## CASE STUDY

### Kids in Care ACT

We are proud supporters of Kids in Care ACT which gives so much to our local community. Kids in Care ACT ensures that each child in crisis accommodation wakes up on Christmas morning with a present to open. In October we pitched in to cook sausages at the Bunnings Tuggeranong Community Day, with all proceeds going directly to children in crisis accommodation. Over the past three years we have given in-kind support and hosted raffle draws and we look forward to continuing our partnership to ensure these kids can open presents on Christmas Day.



In addition to our work through the Community Support Program, many staff regularly engage in volunteering outside of work. This is something we celebrate and share to foster a strong internal culture of giving and connection to our community. Below are a few highlights.

## CASE STUDY

### Orange Sky laundry – Nicole Vonarx, Water Conservation Coordinator

Nicole joined Orange Sky in April 2019 and now leads a shift every second Sunday afternoon based in Civic.

“When I learnt about the premise behind Orange Sky I was inspired to join. The idea is so simple, we arrive at a site with our van ‘Frosty’, who has two washing machines, two dryers and a shower and then roll out our orange folding chairs. People experiencing homelessness can use the services and then while they are waiting can sit and have a conversation with the volunteers. We aren’t experts, just people who are happy to listen and connect with others. It is an extremely humbling experience as you listen and learn about the lives of people who you probably would not normally talk to. It can bring tears to your eyes but also more often than not, a smile to your face”.



## CASE STUDY

### MS Sydney to Gong Ride 1 November 2019 – Malcolm Parnell, Senior Geodatabase Administrator

Malcolm has been doing the MS Sydney to Gong ride for five years and has raised over \$10,000 for MS Australia. Malcolm was motivated to participate after a friend was diagnosed with MS in her early 20s and who will live with the disease for her lifetime.

*"I feel lucky to be able to contribute in a small way and it's also good fun!"*

Malcolm has also volunteered with Ronald McDonald House in Canberra for the past five years and with the Mapping and Planning Support (MAPS) group for the past 11 years. Established in response to the 2003 Canberra bushfires, MAPS is made up of qualified spatial or GIS professionals who volunteer through the ACT Emergency Services Agency (ESA) to provide mapping and GIS support during emergency incidents. Mal received his long service medal last year for his service to MAPS and was also part of the cohort of ACT Citizen of the Year 2020 nominees for his work during the bushfires this year.



## CASE STUDY

### Personal giving to the Bushfire Appeal

Following the devastating summer bushfires, we established a mechanism for staff to contribute to either the Salvation Army Bushfire Appeal, St Vincent de Paul Disaster Appeal or WIRES Australia Wildlife Rescue Organisation. Staff were able to choose to donate through salary sacrifice from their pay or by donating a part or full day of recreation leave, with the dollar value of the leave donated to the charity. A total of \$8,157 was donated to the appeal and many said it was a small but concrete way to feel useful during such a stressful time.





## COMMUNITY ENGAGEMENT

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Our external education and community engagement programs are 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 behaviour change by highlighting the impacts (financial, environmental and safety) that individual behaviour can have on these 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 2019–2020, we educated our community on water quality, water treatment, catchment management, water conservation, sewerage network, drain care and the urban water cycle.

With the dry conditions of 2019–20, we prioritised education

on permanent water conservation measures (PWCMS). We shared and discussed these measures on all tours, in school sessions and at our community education events. The launch of our **Care for Water** campaign in December 2019 has helped educate the Canberra and Queanbeyan communities on PWCMS and provided tips to be more water efficient in schools, businesses and homes.

## INFRASTRUCTURE AND NETWORK EDUCATION

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Icon Water provides the community with information and often direct access to see our network of infrastructure – particularly through schools, tertiary and community organisations. We do this largely through tailored guided tours, presentations to interested groups and sharing knowledge and information face-to-face and through our internet and social media channels (including Facebook, Twitter, Instagram and YouTube).

In 2019–20 we provided infrastructure and network education presentations to schools and community events, using our new ACT urban water cycle model resource and delivered engaging sessions to schools and community groups at the Cotter Dam, Mount Stromlo and Googong Water Treatment Plants and Lower Molonglo Water Quality Control Centre.

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



## Guided tours to treatment plants, education sessions and community education events

In 2019–20 we connected with 3,757 people across 103 education sessions – more than two each week. This included 74 tours and delivery of 29 presentations to primary and high school audiences, community groups, tertiary institutions and industry groups.

We also facilitated interactive displays at six community engagement events with over 11,200 participants and 7,230 recorded interactions with ACT and Queanbeyan community members. These events included Science in ACTion 2019, ACT Sci Scouts 2019, Googong Rural Fire Brigade Open Day, School Career Expo and the Emergency Services ACT Open Day.

Tours to the Cotter Dam Discovery Trail and Mount Stromlo Water Treatment Plant remained the top drawcard for schools, tertiary institutions and community groups. These tours are an important mechanism for local, interstate and international visitors to learn and understand about Canberra's water supply catchments, treatment processes, urban water cycle, drain care, the sewerage network and the role individuals play in helping or hindering these processes. We also provided guided tours of other sites and treatment plants on request.

The unprecedented events affecting the ACT in the first six months of 2020 meant 65 planned tours had to

be cancelled, along with a number of presentation bookings and community education events.

We also postponed several planned STEM education events, tours and education sessions, including the annual Icon Water 2020 Heritage Festival community tours. The external education program focus has shifted instead to delivering Phase Two of the external education strategy, where we are providing teachers and community members with a suite of online materials for self-guided learning.



## Googong Dam source water protection education and engagement strategy

Unlike the dams within the Cotter catchment to Canberra's west, the Googong Dam is publicly accessible and even allows limited recreation activities. As the nearby Googong township continues to grow, we've continued our educational focus on the need to protect the quality of the Googong catchment area. This includes reinforcing the rules of recreation for existing residents and empowering new residents to be active champions of this cause as well.

We undertake this work via a detailed engagement strategy for the Googong community and key stakeholders including ACT Parks and Conservation, the Googong Town Group and Queanbeyan Palerang Regional Council.



## CASE STUDY

### Woof Water

Off the back of our Refill Canberra cafe program, it became clear Canberrans were also keen for a sustainable way to keep their pets hydrated. On 17 February 2020, Woof Water was officially launched.

Woof Water provides dog-friendly cafes and restaurants with free eco-friendly bamboo dog bowls for pets to enjoy Canberra's water while they are out with their owners.

After receiving the most votes in the hotly contested staff competition to be Icon Water's star dog, French Bulldog Patrick won the opportunity to be the star at the Woof Water event.



**Table 12: Consultations**

Project	Consultation Process	Groups or Individuals consulted	Approx. number consulted	Outcome
School and community education program	<ul style="list-style-type: none"> <li>Education about urban water cycle and Icon Water treatment processes and assets</li> <li>In-school presentations</li> <li>School tours of Cotter Dam Discovery Trail</li> <li>Use of website education materials</li> <li>Education brochure</li> </ul> <p>*With COVID-19 impacting on direct contact, our online education resources have been updated. These provide integrated resources to support teachers of students from Kindergarten to Year 10.</p>	<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>	3,700+	<p>Increased awareness of ACT catchments, water supply dams and urban water cycle. Increased understanding of water quality and treatment processes, sustainability, and conservation and drain care.</p> <p>Contributed to the primary and education studies of science, studies of science and environment, history, geography and environment learning).</p>
Source water protection program	<ul style="list-style-type: none"> <li>Participation in committee meetings</li> <li>Participation at community events</li> <li>Support for community-based water quality and engagement roles</li> <li>Website</li> </ul>	<p>ACT region residents, community groups, landholders, ACT Government, QPRC, Googong Town Group</p>	1,500+	<p>Relationship building, information sharing, increased community awareness of water quality protection issues</p>
Community engagement and awareness program	<ul style="list-style-type: none"> <li>Participation in OzWater conference</li> <li>Participation at community events</li> <li>Community group talks</li> <li>Advertising</li> <li>Articles in publications</li> <li>Flyers and brochures</li> <li>Social media</li> <li>Website</li> <li>Media releases</li> </ul>	<p>ACT residents and visitors. Interstate water industry operators and local trade community, website and social media users</p>	150,000+	<p>Relationship and awareness building. Increased knowledge of services available and importance of individual responsibility in relation to the network (water conservation, water consumption, drink tap, drain care etc.)</p>
Branding awareness and engagement	<ul style="list-style-type: none"> <li>Public relations and media</li> <li>Inclusions in billing collateral</li> <li>Website</li> <li>Stakeholder engagement activities</li> <li>Sponsorship engagement</li> </ul>	<p>Customers and community</p>	300,000+	<p>Relationship building, education, community support and increased brand awareness.</p>



## CUSTOMER EXPERIENCE

Our objective to enhance the customer experience reflects our commitment to delivering quality products and services that our customers and community value.

We care about what our customers think. We are listening to our customers to understand their needs and their feedback on our services. We are ensuring that the voice of the customer feeds into how we make decisions and improve our services. As well as listening to, learning with, and responding to our customers, we actively participate as a member of our community to foster a culture where we all care for water.

During 2019–20, Icon Water received over 60,000 customer calls (including faults and emergencies, account and general enquiries). We continue to be committed to ensuring appropriate

quality assurance, consistency in billing practices, and clear and helpful communication.

A survey of 300 residential households and 200 businesses indicated that **97 per cent of residential customers are satisfied** with our services (92 per cent in 2018–19). The satisfaction levels of our business customers has also improved from 93 per cent in 2018–19 to 94 per cent this year.

We also saw substantial improvement in customers rating of Icon Water being easy to do business with (+28 compared to +14 in 2018–19).

This year, in response to the COVID-19 public health emergency we introduced several measures to relieve the flow-on economic impacts Canberrans are facing. We decided to forego the price increase and instead froze the combined water and sewerage price at 2019–20 prices. In addition, we implemented a support package aimed at

supporting both residential and small business customers who may be struggling financially, which includes:

- flexible payment plans
- payment extensions
- personalised case management through the Staying Connected hardship program which has been expanded to include small business customers
- temporary suspension of interest, and
- a pause on credit collection activities.

We recognise these are uncertain times for many Canberrans and we will continue to help and support the Canberra community where we can.







## RESEARCH, DEVELOPMENT AND INNOVATION

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Icon Water funds, provides in-kind support for, and collaborates on a range of research and development projects. Doing so means we can contribute to, and also learn from, the rich body of expertise within the water industry across Australia and internationally.

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

For example, we work in partnership with universities and industry through the Water Services Association of Australia (WSAA) and Water Research Australia (WaterRA). These relationships provide access to research organisations such as Cooperative Research Centres (CRC), the Water Environment Research Foundation, the Smart Water Fund and the Australian Research Council.

In 2019–20 we continued or completed the following research and technology projects:

- 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 improvements 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 Liveability Position Paper Blue + Green = Liveability was finalised in 2019–20 to encourage investment in water-enabled green and blue infrastructure. Doing so has numerous physical and mental health benefits by making our communities cooler, healthier, greener and more attractive places to live, work and play.
- We continued to participate in a joint working group between WSAA and Monash Sustainable Development Institute to establish a framework and set of water industry indicators that evaluate water utility contribution to the United Nations Sustainable Development Goals. A suite of indicators will be finalised in early 2020–21.
- Our collaboration with the University of Sydney on the local hydrological component of the Australian Research Council project Stable Isotope Studies of Water Storage and Yield came to an end. The study has led to improved understanding of storage-streamflow dynamics, which is expected to assist in management of Australian catchments, particularly given our challenges with water security and climate change impacts. The

four years of research showed that the majority of inflows to upper Cotter catchment storage were associated with large winter rainfall events with reasonably long subsurface pathways and travel times of three to nine years. The research was presented to Icon Water, regulators, public land managers and local academics via an online webinar which was recorded and made publicly available.

We are also a key stakeholder in the following WaterRA 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.
- Scope 1 emissions from sewage treatment plants. This project will undertake a global literature review of treatment technology and variability in production of Scope 1 (fugitive) greenhouse gas emissions. Outcomes will

be used to optimise utility operations to reduce emissions, particularly carbon dioxide, methane and nitrous oxide.

- Emerging contaminants of concern. This project is developing 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.
- State of knowledge and capability for remote sensing for water utilities. This project will deliver a summary of existing remote sensing capabilities and tools currently available, investigating limitations and sensitivity of these technologies and their applications. It will provide guidance on technique or tool selection to enhance use of on-demand remote sensing products, for example the applicability of drone data capture versus use of satellites.

We have maintained our strong focus on resource recovery and recycling over the past year. In doing so, we are working to assess the feasibility of

various reuse options and find ways to generate higher value products from our waste materials. We continued to discuss the creation of biochar from biosolids at LMWQCC with key stakeholders; and undertook a research project to investigate and assess the creation of landscape products from water treatment sludge.

We also trialled the substitution of extracted river or quarry sand with recycled glass sand as pipe bedding material and are commencing use within the business. Our video on use of recycled glass sand can be viewed on our YouTube channel.

In addition, we are currently refreshing our online education offering given the disruption of face-to-face water education tours and classroom activities due to COVID-19. We also have an existing partnership with Greening Australia delivering NGADYUNG Clean Waterways to Cultural Paths in Canberra across local primary schools which combines bush tucker with water for life education.





## CASE STUDY

### What a Cracker Jack! An innovative solution to safely lifting access covers

Like all field staff who work in water utilities, our people regularly need to lift heavy access covers to reach our infrastructure underground. This is strenuous work and, with over 40,000 access covers in our service area, is a significant contributor to serious injury and lost time.

We went searching for a solution to help protect the safety and musculoskeletal health of our people, and trialed several existing products but didn't find one that met all of our needs. Instead, our engineers, fabricators and field personnel joined forces to develop the Cracker Jack

(CJ), our innovative solution to this sector-wide problem.

We developed a bespoke lifting device that overcomes common pain points, including being able to work on a variety of surfaces, gradients and loads, while also being lightweight and easy to use.

Our engineering team decoupled the two functions of lifting and removing the cover to come up with a solution that can significantly reduce loads on the user depending on whether they want to inspect or access the maintenance hole.

Weighing only 10kg, the CJ is a novel, lightweight, portable system for lifting access covers. With a working load limit of 500kg, it significantly reduces loads on the user compared to manual lifting methods.

We are intending to make the design documentation freely available to the market and other utilities so that other utilities can pick it up, benefiting the backs of many.

#### BEFORE



#### AFTER



#### DESIGN



Icon Water and Bureau of Meteorology  
tour of Enlarged Cotter Dam



## CASE STUDY

## WaterAid's Winnovators program

How do you help the community of Ka-Ben in eSwatini (formerly Swaziland) that has intermittent and unreliable power and unsafe drinking water?

Some of our people from Icon Water had the opportunity to join a team with the Bureau of Meteorology and came up with a sustainable solution using renewable energy.

We made use of our sophisticated software system that can show us deficiencies in a water supply and help us to optimise solutions. We were able to run a model of the system in Ka-Ben through our

own software, testing different scenarios and setups. For example, we ran the model using only one water tank, and then added others to see if that would meet demand.

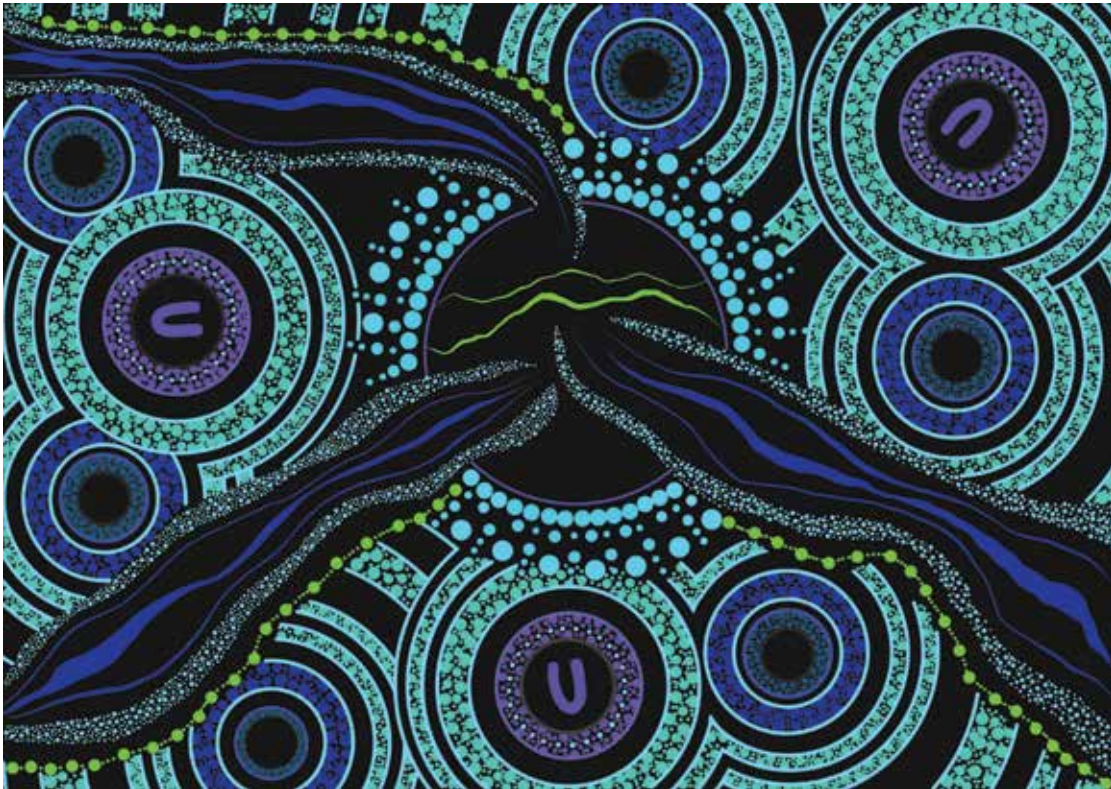
We were able to create four solutions, giving the Ka-Ben community choice of the solution that worked best for them. Our recommended solutions added tanks and employed Water Minders. Water Minders filled water containers during the day for households, when solar power was available and the tanks could refill. This lessened the burden on the children who had to queue for

water before and after school and meant there was water available for everyone in the Ka-Ben community.

As well as putting our water engineering expertise to good use (and being recognised by WaterAid with a 'Best solve' award), we came together as an organisation and raised \$7,592 to support WaterAid's goal to make clean water, decent toilets and good hygiene normal for everyone, everywhere, within a generation.



Icon Water and Bureau of Meteorology  
fundraising trivia night



Three Rivers - by Lynice Chruich

## ABORIGINAL AND TORRES STRAIT ISLANDER COMMUNITY ENGAGEMENT

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

This period, we are pleased to have finalised our first Reconciliation Action Plan (RAP), which has been endorsed by Reconciliation Australia. The official launch of our RAP was delayed due to COVID-19, but that hasn't stopped us from making progress on the actions we've committed to, including promoting local reconciliation activities to our staff and having a local Ngunnawal Elder conduct a Welcome to Country at a recent branch planning day.

We recognise and respect the Aboriginal heritage items and places that exist on the land and waterways we manage. This financial year we continued to make sure our staff received training and knew how to identify and protect items of cultural heritage significance. When we undertook design and construction of major infrastructure, we performed heritage assessments in consultation with representative Aboriginal organisations, where relevant, to ensure we avoided and minimised impacts on Aboriginal cultural heritage sites and artefacts.

In 2019–20, we continued our sponsorship of Greening Australia's Bush Tucker program and the Wii-Ma-Li touch football team and were proud to support the Solid Sista's and Brotha's Aboriginal Youth Program – Knightriders Rugby and the Indigenous Reading Program.





## CASE STUDY

## One Tree Reservoir Project – Return to Country

Our Impact and Assessment Team (Environment and Sustainability Branch) has been working with the One Tree Hill Project Delivery Team, to begin the development of two new reservoirs and their ancillary infrastructure in the suburb of Taylor. This development will provide the newly-built Taylor Residential Estate with a reliable water supply by December 2020.

The team conducted various studies to determine the effects the development would have on the environment, including cultural heritage assessments that identified

the presence of items of Indigenous significance.

We recognise the significance of these Indigenous artefacts, and worked with ACT Heritage, the Archaeological Heritage Assessor and Regional Aboriginal Organisations to 'Return to Country'. We have been undertaking the following measures to support the Indigenous community and ensure the preservation of Indigenous heritage artefacts:

- working with ACT Heritage to reduce our impact on cultural heritage places of significance

- connecting with heritage consultants in supporting the return of artefacts to their rightful owners and resting places
- organising with Representative Aboriginal Organisations who conduct Return to Country ceremonies of the artefacts
- communicating with the Indigenous community and working in heritage sites in a sustainable manner.





YEAR  
IN  
REVIEW





## SEWERAGE OPERATIONS

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Icon Water has a number of environmental authorisations under the ACT's *Environment Protection Act 1997*, which regulate activities with significant environmental risk. We performed well against these authorisations, achieving the following compliance results:

**99%**

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 2019–20, the Lower Molonglo Water Quality Control Centre (LMWQCC), Canberra's primary sewage treatment plant) treated a total sewage inflow (raw sewerage) of 35.0GL and discharged 30.8GL of final effluent (clean water) back into the Molonglo River. We also recycled approximately 1.9 GL of treated effluent onsite.

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



## WATER QUALITY

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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. All water quality testing is undertaken in accordance with the Australian Drinking Water Guidelines (2011) and the Public Health (Drinking Water) Code of Practice (2007) (the Code). There were seven notifiable events to ACT Health as per the Code during the year; six of these referred to source water prior to treatment, and one related to water in the reticulation system.

We maintained our third-party certification of the Hazard Analysis and Critical Control Point (HACCP) based risk management system for water quality management. In June 2020 we commenced the HACCP re-certification process, completing the document-based component.

The physical operations component of the audit has been deferred due to COVID-19 restrictions.

We published our Annual Drinking Water Quality Report 2018–19 in accordance with the Code in October 2019 (the report is available at [iconwater.com.au](http://iconwater.com.au)). The 2019–20 report will be published in September 2020.

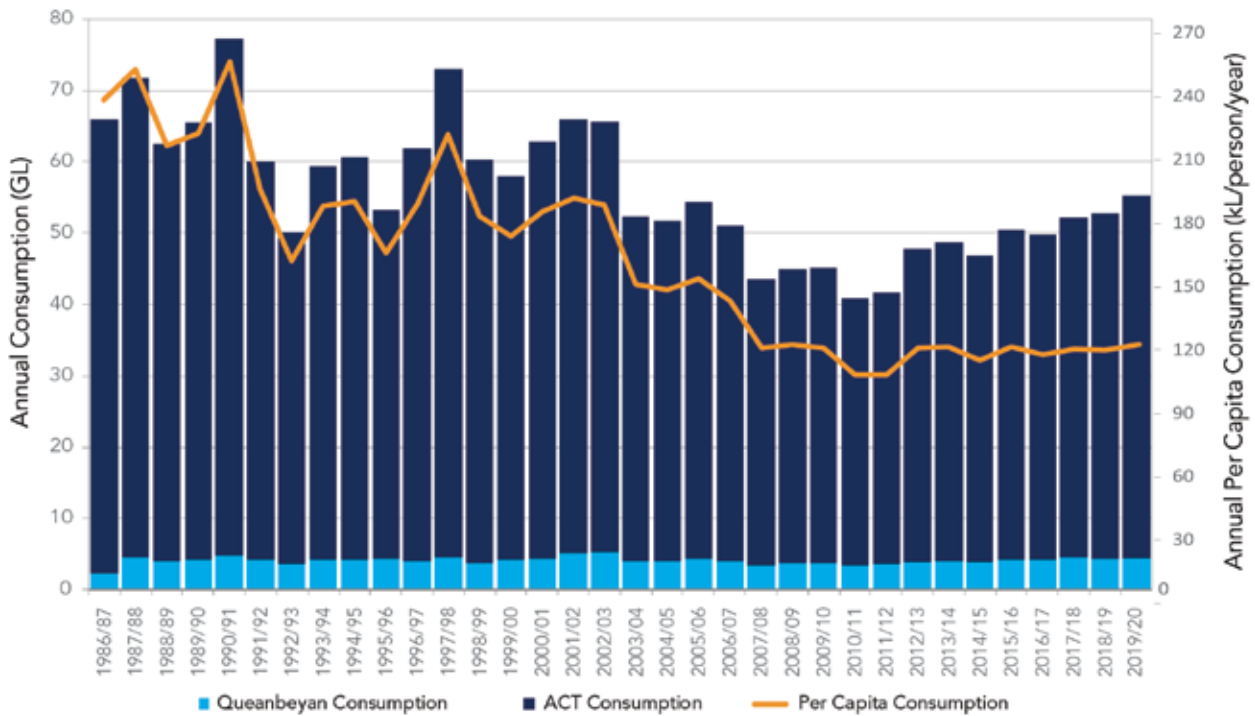
# WATER OPERATIONS

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 lower than it was 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 446.6 mm, which was a decrease from the previous 12-month period of 532.4 mm. Our combined dam capacity was at 55.0 per cent of the total 278 GL volume at 30 June 2020 – a slight decrease on the 56.5 per cent capacity recorded at 30 June 2019.

Figure 5: Annual water consumption for ACT and Queanbeyan



# WATER SECURITY

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So far, Icon Water's source water system has been strong enough to withstand the worst drought on record – without the need for temporary water restrictions.

During 2019–20 Canberra experienced unprecedented dry conditions characterised by very low rainfall and high temperatures. In the 2019 calendar year we saw the lowest ever inflows into our dams, and 2017–19 was also the worst three year period on record. Our total dam storage volume dropped below 50 per cent for the first time since we completed the Cotter Dam enlargement, reaching a low of 44.4 per cent in February 2020. Since then, wetter conditions have meant some recovery with combined dam levels reaching 55 per cent in June 2020.

Our analysis of the impacts of climate change on our operations tells us we will continue to see less reliable inflows of water to our system. This is something we're monitoring closely and preparing for using the broad suite of expertise and tools at our disposal, so we can continue to provide a secure water source to the region in the future.

One of the mechanisms we use to do this is our Source Water Strategy 2018–2030, which aims to ensure Canberra and Queanbeyan have unrestricted access to water 95 per cent of the time.

The Strategy calls for a number of response actions to be undertaken when total storage falls below 50 per cent. The first of these is to review the planning assumptions and variables in Icon Water's Water Resource

Model (WRM). We finalised an independent expert review in March 2020 and we are now currently working through the recommendations for updating the model including updating climate change assumptions and further developing in-house capability.

In addition the Strategy also triggered the development of Icon Water's Drought Management Plan. The Plan has been developed in response to the recent drought (2017 to current). However, in recognising the challenges in predicting how long or severe future droughts may be, we have developed an adaptive response approach that ensures we are prepared for a drought significantly worse than anything observed historically.

To support Icon Water's water security planning an expert panel was formed, whose membership included local academics and industry experts. We engaged with experts whose knowledge and skills were across the fields of hydrology, ecology, economics, engineering, sociology and climate science. Over three forums during May and June 2020 Icon Water met with the experts to seek advice on emerging priorities and potential innovations that should be considered with respect to long term water security for our region.

## Panel members

**Professor Jamie Pittock**, Fenner School of Environment and Society, Australian National University

**Professor Charles Lemckert**, Head of School - Design and the Built Environment, and Centre for Applied Water Science, University of Canberra

**Janice Green**, Bureau of Meteorology

**Associate Professor Jacki Schirmer**, University of Canberra

**Associate Professor Fiona Dyer**, Centre for Applied Water Science, University of Canberra

**Professor Quentin Grafton**, Crawford School of Public Policy, Australian National University

At the community level, we responded to the drought through the implementation of our Care for Water campaign, which promoted water savings and reminded the community of its obligations under the ACT's Permanent Water Conservation Measures (see page 76). A component of the campaign was the launch of The Great Shower Timer Experiment in June 2020. Residents in Gungahlin received four minute shower timers aimed at educating the community on the benefit of reducing shower times throughout the cooler months.



In 2019–20 we continued to apply best practice water security management by strategically sourcing water from the Cotter Dam. This requires greater levels of pumping and as a result is a more expensive option (largely due to higher electricity costs to operate the Cotter pumping station) – but preserves water in our storages allowing us to delay or remove the need for temporary water restrictions.

During 2019–20 Canberra experienced unprecedented dry conditions characterised by very low rainfall and high temperatures. In the 2019 calendar year we saw the lowest ever inflows into our dams, and 2017–19 was also the worst three year period on record. Our total dam storage volume dropped below 50 per cent for the first time since we completed the Cotter Dam enlargement,

reaching a low of 44.4 per cent in February 2020. Since then, wetter conditions have meant some recovery with combined dam levels reaching 55 per cent in June 2020

## Murrumbidgee to Googong operation

The Murrumbidgee to Googong (M2G) pipeline is one of several measures built following the millennium drought, to strengthen Canberra’s water security. It can transfer a maximum of approximately 100 million litres (megalitres) a day from the Murrumbidgee River into Burra

Creek, which then flows into the Googong Reservoir. There are strict guidelines in place for operating the M2G pipeline, which include river volumes and water quality.

We began operating the M2G in February 2020, following

rainfall and improved flows in the Murrumbidgee River. The pipeline transferred 2975 megalitres over the financial year across 74 days of operation. This is equivalent to more than five per cent of Icon Water’s annual demand.





## CASE STUDY

### Icon Water's Drought Management Plan

Our Drought Management Plan was created in response to worsening drought conditions and ensures we are prepared for a drought significantly worse than has been observed historically and provides a roadmap to respond across a range of scenarios. The plan has been designed to be adaptive depending on the severity, timing and duration of each drought. It does this by drawing on the three levers: source water management, demand, and supply options.

The plan, while complete and operable, continues to evolve as we pursue deeper understanding of potential supply options and demand measures. Selecting the most appropriate portfolio of options will require further stakeholder and community engagement. This will ensure that we deliver a portfolio based on triggers that have been optimised to balance cost, water security and the impact to the community.



## CASE STUDY

### Care for Water Campaign

In December 2019 as dam levels dropped, Icon Water increased our water conservation communications by launching the Care for Water campaign. The campaign had two objectives – to remind Canberra and Queanbeyan residents that they must follow the ACT's Permanent Water Conservation Measures, and to educate them that, beyond these rules, there are many other ways they can, and should, reduce their water use.

The campaign leveraged our partnerships with ACT Government and others to share our messages, told stories through the media and social media about water

conservation and used outdoor, radio and digital advertising. We also utilised opportunities to attend community events and host site tours to engage with Canberrans face to face, included messaging on our bills, and updated our education material to ensure our younger generation understand their role in water conservation. The campaign has received high engagement from the Canberra community with our website attracting record numbers of visitors and traffic across water conservation webpages growing by 900 per cent. Water conservation posts shared across Icon Water's social media platforms reached over 39,000 people, and stories about

saving water and water security increased substantially across both traditional and digital media outlets.

Our community survey also showed a significant increase in the proportion of Canberrans with unprompted awareness that there are rules currently in place for using water, from 49 per cent in December 2019, to 67 per cent in March 2020. We will continue the Care for Water campaign in the 2020–21 financial year due to its success.



Care for Water launch, December 2019



Care for Water launch, December 2019



# ECONOMIC REGULATION

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## 2019–20 water and sewerage prices

The prices that Icon Water charge for water and sewerage services in the ACT are regulated by the Independent Competition and Regulatory Commission (ICRC). In May 2018, the ICRC issued its five yearly price direction, which set the path for Icon Water's prices for the period 1 July 2018 to 30 June 2023. Each year, the ICRC updates these prices to take into account actual inflation, government taxes, and market factors.

In 2019–20, the annual water and sewerage bill for a typical Canberra household increased by 1.9 per cent, broadly in line with inflation and slightly below the 2.1 per cent price increase forecast in ICRC's price direction. This resulted in a bill increase of around \$22 per year or 43 cents per week in nominal terms for a typical Canberra household using 200kL of water per year. The major drivers for the price increase were changes in the consumer price index and higher than forecast Water

Abstraction Charge (WAC) payments due to dry conditions in 2017–18.

Annual bills for non-residential customers increased by up to 1.1 per cent, depending on water usage and the number of billable fixtures.

## Regulatory incentive mechanisms review

On 4 December 2019, the ICRC released an issues paper to commence its review of incentive mechanisms for water and sewerage services price regulation. The review is a commitment under the 2018–23 Price Direction, and will inform the design of the economic incentive framework for the 2023–28 regulatory period.

Incentive mechanisms are used by some regulators to encourage additional efficiencies in operating and capital expenditure, or improvements in service quality.

In our submission to the ICRC's review, Icon Water highlighted that the existing incentive arrangements have generally been successful in the ACT, helping drive affordability and service quality for our customers. This is evident through the high rates of customer satisfaction and service quality across the network. Icon Water did not support the introduction of new incentive mechanisms due to the uncertainty over their benefits and the potential for significant administrative and regulatory costs.

The ICRC's draft decision released in May 2020 similarly concluded that the existing arrangements have been effective in strengthening Icon Water's incentives to operate, invest and deliver services effectively. The ICRC's draft decision was therefore to retain the current approach and not introduce new incentive mechanisms in the 2023–28 regulatory period. The ICRC's final report is expected in late August 2020.

# SOURCING STRATEGY

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Icon Water has two contracts with ActewAGL in relation to corporate and customer services, named the Corporate Services Agreement (CSA) and Customer Services and Community Support Agreement (CSCSA). The current services contracts expire in 2023. In preparation for and well in advance of this date, we have been assessing our ongoing service requirements and options.

A key focus will be to ensure that we can maintain access to the services required to operate our business efficiently and effectively, so that we can continue to provide high quality affordable water and sewerage services to our customers.

A project was initiated in March 2019 to define a sourcing strategy for the required services. The project was broken up into four phases

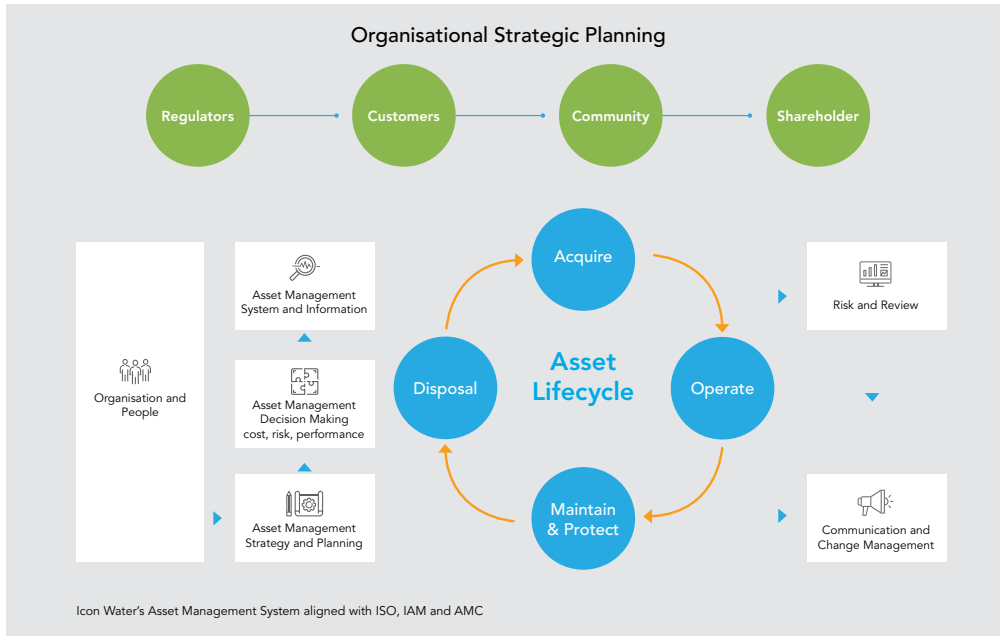
to facilitate a structured approach to the important decisions to be made. With the fourth phase being completed in June 2020, planning is now underway to facilitate the implementation of the sourcing strategy.



# ASSET MANAGEMENT

Our Asset Management System (AMS) underpins our ability to provide affordable and reliable services to the community. Icon Water is committed to continually improving our AMS and asset management capability to align with the international standard AS/NZS55001.

Figure 6: Icon Water’s Asset Management System



During 2019–20 we continued to improve elements of our AMS. In particular we:

- Reviewed our Asset Management Policy to support the continued embedding of the AMS, including a substantial update of procedures and work instructions covering the Asset Management Strategy and Planning elements of the AMS.
- Completed the first phase of the Sewerage System Strategy and the Non-Drinking Water Strategy. The intent is to provide a framework for decision making, to ensure our assets continue to provide valued services to our customers. This work was recognised by the Australian Water Association through two technical papers accepted into their Ozwater conference program in June 2020 on the topic of adaptive planning.
- Substantially completed more than 60 per cent of our water hydraulic models rebuild and about 40 per cent of our sewer hydraulic models rebuild in line with industry practice. This has allowed us to make optimal asset management decisions.
- Participated in the 2020 Water Services Association of Australia (WSAA) Asset Management Customer Value Survey to benchmark our asset management practices against other Australian water utilities. The results of this benchmarking will be available in the coming financial year, and will enable us to demonstrate to our customers that we are following good practices in asset management and generate an improvement roadmap.
- Fully replaced and upgraded our legacy maintenance system and associated business processes. We’re proud to be leading the way in the water industry in terms of connecting reliability decision making to work management and task execution. In the first year of implementation we have built in continuous improvement by delivering upgraded maintenance plans into our works and asset management system ready for the new financial year.



## INFORMATION AND COMMUNICATIONS TECHNOLOGY

During 2019–20 we continued to leverage our information and communications technology investments and improve technologies to support our business to deliver services to the community.

Enhancing the capability of the asset and works management system has been a focus which has delivered automated scheduling of planned maintenance programs (hydrant and valve inspections), replacement of paper based process with a corrective water network outage solution and ability for work crews to create follow on works from the field. Further necessary functionality

remains outstanding in order to fully leverage the capability of the system and it continues to be a focus this year.

The security of information and data held in our technology systems is of utmost importance and we have several initiatives underway to enhance our cyber security maturity including cyber security governance, regular awareness training and

increased monitoring.

Other information and communication technology projects underway include upgrades of the fleet management system, SCADA system, risk and incident management system and the energy and sustainability management system.



## CAPITAL WORKS

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In 2019–20, Icon Water invested \$110 million in capital works to further grow and improve our water and sewer networks to meet future demands and protect the natural environment.

Most significantly, we've continued a major program of works at the Lower Molonglo Water Quality Control Centre (LMWQCC), and renewed a significant amount of aging pipes in both the sewer and water networks.



## Lower Molonglo Water Quality Control Centre

LMWQCC, our primary sewage treatment plant, was constructed in the 1970s. Now in its sixth decade, significant components of the plant need to be replaced due to age, an increasing risk of failure, and to continue to meet environmental regulations.

In 2019–20 we continued or completed the following major projects:

### Solids handling

The solids handling project has multiple parts including furnace and exhaust upgrades, screening and ventilation upgrades, centrifuge replacement and a new sludge holding tank.

The second furnace upgrade is nearing completion with commissioning to start in August 2020. The first of three centrifuges is operational with the second centrifuge scheduled to commence commissioning in July 2020. The other aspects of the project are progressing in parallel and full commissioning of the entire system is due to commence in late November 2020.



**\$72.8m**  
Estimated  
total cost at  
completion

### Tertiary filters and disinfection upgrade

The tertiary filters and disinfection upgrade project is in the construction stage. Refurbishment and commissioning of the first of four filters is complete with commencement of the second filter to start in July 2020.

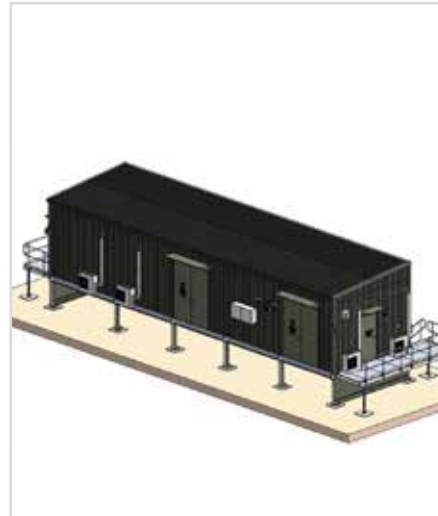


**\$49m**  
Estimated  
total cost at  
completion

## Other capital works projects

### High voltage asset renewal

The detailed design for the high voltage asset renewal project is nearly complete. Procurement of equipment has been undertaken with orders placed for all major equipment packages. Construction of works on-site is due to start in December 2020.



**\$32.6m**  
Estimated total cost at completion

### Water and sewer network renewals

The water and sewer mains rehabilitation programs replace old and damaged pipelines in the water and sewerage networks. In doing this, we are able to maintain reliable water supply and sewerage services for the Canberra community.

These rolling annual programs continued in 2019–20, with approximately 14.8km of water mains replaced and 14.1km of sewerage main rehabilitation undertaken. The majority of this work used pipe bursting, drilling and relining technologies (for sewerage pipes). This enabled us to renew the assets without needing open trench excavation, thereby minimising disruption to the Canberra community.



**\$70.3m**  
Estimated total cost at completion

### Water network electrical, instrumentation, monitoring and control renewal

This project to replace ageing control and monitoring equipment continued in 2019–20. The program of work covers 93 sites which equates to approximately 50 per cent of all water network sites including pump stations, reservoirs and valve farms in the water network. Construction work has now been completed at 57 sites with detailed design of the remaining 30 sites advancing toward an expected finalisation in September 2020.



**\$22m**  
Estimated total cost at completion

## Belconnen trunk sewer augmentation

Sewage from the Belconnen and Gungahlin areas is collected and conveyed via the Belconnen trunk sewer to 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 and ongoing development 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.

We had a significant public consultation focus in 2019–20 as part of this project, and we also developed the concept design and the application for relevant approvals. A contractor has been engaged to undertake the detailed design and construction, and construction is scheduled to commence in late 2020 pending the remaining approvals.



**\$27.4m**  
Estimated total cost at completion

## Crace odour and ventilation improvements

The purpose of the new Crace odour control systems are to remove foul air and corrosive gases from existing sewerage infrastructure and disperse it to the atmosphere. This project will protect existing infrastructure and reduce odour complaints from residents.

Construction is complete with commissioning completion expected in July 2020.



**\$5.5m**  
Estimated total cost at completion

## Water meter and domestic service upgrade program

Our annual water meter and service upgrade program continued throughout 2019–20. We replaced 7,958 meters during the year (7,117 small and 841 large). 92% of total meter replacements were planned (an increase of 5% from the previous year) with the remaining 8% being reactive.



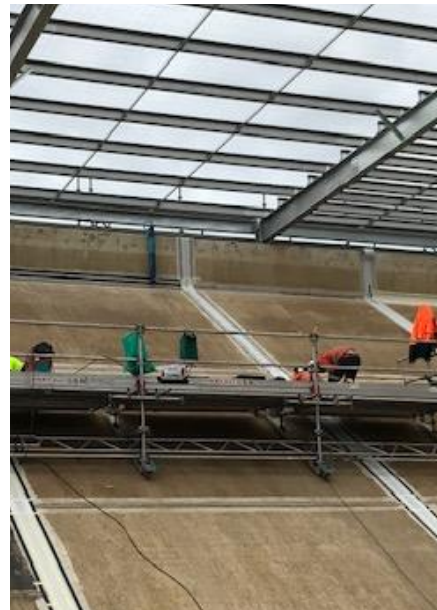
**\$20.8m**  
Estimated total cost at completion

## Mugga reservoir roof replacement and floor sealing

The Mugga reservoir in Symonston is approximately 50 years old and its roof structure and purlins need to be replaced and its floor joints re-sealed.

This project will mean the reservoir can continue to supply water to homes, schools and businesses in the surrounding suburbs. Importantly, Mugga reservoir also acts as a balancing tank for the Woden area when water is being supplied from the Googong Water Treatment Plant.

Construction works on the Mugga reservoir commenced in April 2020 and is expected to be complete in November 2020.



**\$9.5m**  
Estimated total cost at completion

## Googong Water Treatment Plant clarifier renewals

Googong Water Treatment Plant (WTP) was constructed in 1978 and is a critical alternative water treatment plant for the ACT and Queanbeyan.

In times of peak water demand, Googong WTP can supplement the work of the Mount Stromlo Water Treatment Plant; it can also perform primary water treatment during Stromlo Water Treatment Plant shutdowns or when Googong Dam is the preferred water source; and at all other times it provides standby water treatment capability.

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.

The detailed design was completed this period, and construction work commenced in April 2020 on the first two clarifiers which are scheduled for completion by October 2020. We have scheduled a project pause for approximately six months surrounding the summer season to make sure the plant is fully functional when our community uses the most water. The remaining two clarifiers will be renewed from late 2020–21.



**\$14.8m**  
Estimated total cost at completion

## One Tree Reservoir project

The One Tree Reservoir project will provide twin reservoirs to service the 'super high zone' of the new subdivision of Taylor.

Construction began in January 2020 and is progressing towards commissioning commencement in September 2020, with water supply expected to be available in December 2020.



**\$9.9m**  
Estimated  
total cost at  
completion

Googong Water Treatment  
Plant clarifier renewals







PERFORMANCE



## KEY PERFORMANCE OUTCOMES

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Each of Icon Water's three strategic objectives have performance indicators and targets which we monitor and use to report on their achievement. These are outlined in table 13.

Icon Water also 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 (BOM)).
- 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 BOM).
- Providing water and sewerage information for the National Water Account (published by BOM).

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

Table 13: Performance outcomes for 2019–20

Strategic objectives	Performance indicator	Targets (30 June 2020)	Results 2019–20		
Build a safe, innovative and inclusive workplace	High Potential Incident (HPI)	0 incidents	1 <sup>1</sup>	■	
	Total Recordable Injury Frequency Rate <sup>2</sup> (TRIFR)	15% improvement over the 2018–2019 outcome (target 7.1)	16.8 <sup>3</sup>	■	
	Safety culture	Improved employee perceptions of organisational and manager commitment to safety (82% and 81% respectively)	80% <sup>4</sup>	■	
			79% <sup>4</sup>	■	
	Gender diversity	Improved proportion of females in non-traditional roles (>14%)	50% females in leadership group	33% <sup>5</sup>	■
			14%	■	
Employee engagement	Improved employee engagement	+4% <sup>6</sup>	■		
Deliver sustainable value for our community and shareholders	Water quality	Nil non-compliance with the Public Health (Drinking Water) Code of Practice 2007 (ACT)	0	■	
	Water – reliable supply	Average duration of an unplanned interruption – water (minutes): 111–150 <sup>6</sup>	136 minutes	■	
		Frequency of unplanned interruption – water (per 1000 properties): 63–127 <sup>7</sup>	95	■	
	Sewerage system reliability <sup>8</sup>	Sewer surcharges inside customer dwellings ≤15	14	■	
		>95% of sewerage chokes restored within 6 hours	95%	■	
	Sustainability embedded in capital works program	Infrastructure sustainability assessment incorporated into 100% of capital projects over \$50,000	100%	■	
	Waste to landfill	Reduction in operational waste disposal to landfill (in tonnes): target <2,828 tonnes	3,180 tonnes	■	
	Environmental compliance	100% compliance with environmental flow requirements, environmental authorisations and agreements	100%	■	
		Reduction in net CO <sub>2</sub> -e greenhouse gas emissions from scope 2 activities (target 3,340)	6,411 CO <sub>2</sub> -e <sup>9</sup>	■	
	Shareholder return	\$60.4m (profits available for dividends)	\$51.3m <sup>10</sup>	■	
	Earnings Before Interest and Tax (Water and Energy)	\$175.2m	\$183.5m	■	
	Capital expenditure	+/-10% of \$105.8m	\$110.0m	■	
Gearing	+≤57%	54.3%	■		
Energy costs	Overall energy costs maintain 2016–17 energy expenses (target \$4.9m)	\$9.0m <sup>9</sup>	■		

Table 13: Performance outcomes for 2019–20

Strategic objectives	Performance indicator	Targets (30 June 2020)	Results 2019–20	
	Customer satisfaction	90% of annual survey participants are satisfied with our overall service	96	■
		<5.0 total water and sewerage complaints per 1000 properties	4.0	■
	Ease of doing business (EDB)	≥14	28	■
	Effective complaints management	A meaningful response to 100% of complaints within 20 business days	97% <sup>11</sup>	■
	Community perception of Icon Water	5% improvement (target 53)	61	■

Table notes:

<sup>1</sup> One high potential incident occurred in August 2019 relating to an incorrectly marked street light cable.

<sup>2</sup> Recordable injuries are those where an employee is required to visit a doctor for medical treatment or to place temporary work restrictions on their role to aid recovery.

<sup>3</sup> The majority of injuries were musculoskeletal in nature. Proactive treatment of these injuries was impacted by the suspension of onsite physiotherapy services due to COVID-19 restrictions.

<sup>4</sup> Survey results are being analysed to identify areas for improvement.

<sup>5</sup> There are nine females in a leadership group of 27.

<sup>6</sup> 2018–19 industry average is 132 minutes.

<sup>7</sup> 2018–19 industry average is 166 per 1000 properties.

<sup>8</sup> 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.

<sup>9</sup> Target not met primarily due to operating two water treatment plants for an extended period of time.

<sup>10</sup> Profits available for dividend below target primarily due to the ActewAGL joint venture performance.

<sup>11</sup> There were six complaints that did not meet the timeframe for a meaningful response in the *Utilities (Consumer Protection Code) Determination 2012*.

Legend

■ target met

■ target not met but within tolerance

■ target not met



## ECOLOGICALLY SUSTAINABLE DEVELOPMENT

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As custodian of our region's water supply we have continued to take action to protect the environment, embed sound environmental management, and build a resilient and sustainable business through our environment and sustainability programs.

In 2019–20 we invigorated our certified Environmental Management System (EMS) with a new and purposeful Sustainability and Environment Policy. It sets out our commitments to taking action and consider sustainability and the environment in all our investments to enrich our neighbourhood, respect resources and care for tomorrow.

Enabled by a team of dedicated environment and engineering professionals we have delivered a

wide range of projects, undertaken 19 environmental assessments that integrate ecologically sustainable development principles into our capital infrastructure projects, and obtained 20 environmental planning approvals for our activities. We are proud that one of our dedicated team also achieved the Australian Water Association's ACT Young Water Professional in 2019.

We continued to achieve compliance for environmental licence and environmental flow requirements, despite being faced with drought, bushfire, hail and COVID-19 during this period.

Building resilience to address climate change has been a strong focus for us this year. Internally, we worked hard to educate and empower our people on climate-related issues. For example, we ran a business-wide, week long calendar of events to raise awareness of the impacts of climate change to coincide with the global climate rallies being held in September 2019.

Healthy catchments and water bodies are essential for our work to deliver safe drinking water to our customers. To this end, we took the lead in developing catchment Actions for Clean Water (ACWA) plans, for the Upper Murrumbidgee, Googong and Cotter catchments. This has included a number of remedial actions in the recovery of the February 2020 Orroral Valley bushfire to reduce threats to drinking water storage and as part of bushfire preparedness for future seasons.

This year, our bushfire recovery work aligned closely with our ongoing focus on fish health within our water supply dams. In April 2020 we undertook a monitoring program on the population of Two-spined Blackfish (*Gadopsis bispinosus* – a vulnerable species) in the Cotter River in conjunction with ACT Conservation Research.

Bushfires have severely impacted the habitat of the Two-spined Blackfish, which are particularly vulnerable to ash and sediment which smothers their eggs. Their food supply, mainly

insects, has also been severely reduced by the fires, and as a result we saw far fewer fish during this monitoring run than in previous years. Our ecologists will analyse the data and present a report to Icon Water for consideration and action.

The Licence to Take Water Environmental Management Plan was approved in 2019–20. This was required as the ACT Environment Protection Agency (EPA) issued Icon Water a revised licence on the back of new Environmental Flow Guidelines being released. The NSW EPA approved an amendment to the Googong Water Treatment Plant Environment Protection Licence to cover the release of treated water

from the plant into the environment in the case of an emergency shut down or similar.

Icon Water manages a 110 hectare biodiversity offset property at Williamsdale which mitigates environmental impacts from our water security major projects. This year we developed a management plan for the site for more sustainable and beneficial outcomes at the property.

We continue to participate in various catchment management forums and community events, to contribute to and influence source water protection on behalf of the community – for example we are a member of the

Upper Murrumbidgee Catchment Network collaborating on natural resource management.

Through our involvement in the ACT Government’s Directors’ General Water Group and Senior Executives’ Water Group we have continued to assist in the implementation of the ACT Water Strategy 2014–44. We have also participated in delivery of the ACT and Region Catchment Strategy through direct engagement with the ACT and Region Catchment Management Coordination Group.



Photo: River sampling at Black Sallee Flat, Cotter River

## CASE STUDY

### Climate Change Adaptation Plan

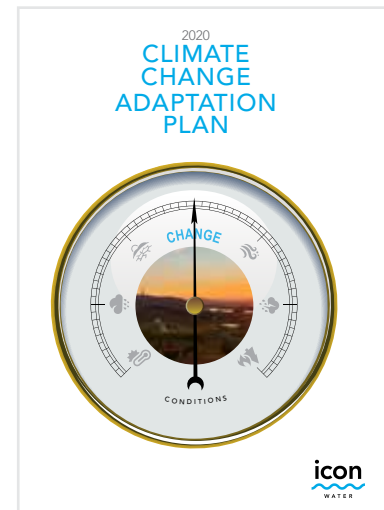
We recognise the present and future challenges posed by climate change and are active in our approach to finding solutions.

On World Environment Day in June 2020, we launched our *Climate Change Adaptation Plan* – 59 actions Icon Water will take around five key themes: emission reduction; water security; adapting in line with the community; climate resilient infrastructure design; and monitoring, evaluation and capacity building. Critically, the plan supports our

goal of net zero emissions by 2045 (consistent with the *ACT Climate Change Strategy*).

The plan also outlines the impacts of climate change on water security, service levels and the environment, recognising the particular impacts climate change is having on our operations given we rely so heavily on weather and the water cycle.

A summary of the plan is available on our website.



## CASE STUDY

### Business Clean-up Day

This year, our people took part in Business Clean-Up Australia Day for the ninth year in a row. Over the years, we have usually focussed on cleaning up wetlands and watercourses around Canberra. This year we decided to concentrate our efforts on cleaning the grasslands around our local business area in Mitchell. Some of our favourite finds included:

- a Dorothy the Dinosaur doll
- a mostly-intact sewing machine
- a somewhat ad-hoc landfill in the north of Mitchell that included tyres, mattresses and fridges
- a broken cooker.

See us in action on Icon Water's YouTube.





## CASE STUDY

## Biodiversity Offset Management

As part of the development of the Murrumbidgee to Googong Water Transfer Project (M2G) in 2012, we are managing 110 hectares of habitat to compensate for vegetation and habitat losses from the project construction activities. The offset is surrounded by an additional 328 hectares of land which is also managed to protect and improve ecological conditions for consistency across our entire Williamsdale property.

The majority of the property is dominated by a diverse range of native understorey species, and an overstorey mixture of old growth and rejuvenating Eucalyptus species. Rocky outcrops are widespread across the property. Surveys

conducted in 2012 found that the Box-Gum Woodland on the Williamsdale property is in moderate to good condition.

The landscape is managed by excluding domestic grazing stock, maintaining vegetation cover, enhancing habitat connectivity, erosion stabilisation, managing pest animals and weeds and maintaining populations of threatened and significant plants and animals such as the pink tailed worm lizard below, based on monitoring and adaptive management.

In 2020, we undertook significant earthworks to stabilise two major erosion gullies to improve the environmental condition, meet

land management obligations and address two erosion hotspots in our Upper Murrumbidgee drinking water supply catchment in accordance with our Source Water Protection Strategy. Now that the engineering works are completed, we look forward to working with nature to stabilise these chains of ponds with vegetation.



## Commissioner for Sustainability and the Environment

We provided material to the Commissioner for Sustainability and the Environment 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 2019–20.



# SUSTAINABLE DEVELOPMENT PERFORMANCE REPORTING

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We made significant improvements to both our Energy Management Strategy and Waste Management and Resource Recovery Strategy during this period and continued to deliver energy avoidance, energy efficiency and resource recovery actions.

In an effort to limit our emissions profile and increase our resilience to volatile energy costs, we continued our focus on increasing our renewable energy portfolio. In 2019–20 we brought online a further 642kW of solar generation across our sewage treatment plant at Lower Molonglo, the Cotter Dam and Stromlo Water Treatment Plant. This brings our total renewable energy portfolio to almost 4000kW including 722kW from solar generation and 3076kW from mini-hydro generators.

While our primary focus is on reducing our emissions by avoidance, efficiency and substitution, we also leveraged carbon offsetting to reduce our impact. We continue to manage a carbon sequestration property in NSW and have a contract in place to continue receiving carbon credits. Our carbon credit portfolio is on track to offset the 204,824 tonnes of carbon dioxide equivalent calculated to have been emitted by the construction and operation of the water security major projects to June 2020.

This year, we saw a minor reduction in electricity use compared to last year noting we were able to generate almost four times more renewable energy. However dry conditions still meant we used more electricity than

normal as we operated the Cotter Pump Station to send water uphill to our Mount Stromlo Water Treatment Plant. Overall this was a good thing – Canberra and Queanbeyan were able to rely on a secure supply of water thanks to the Cotter Dam’s extra-large capacity. Although, it did mean we couldn’t make use of the efficient gravity-fed water mains that our other Cotter catchment dams use. We’re working to improve this with a project underway to improve the capability and energy efficiency of the Cotter Pump Station pumps.

We reduced our greenhouse gas emissions by 30 per cent compared with last year. This is due, in part, to the ACT Government delivery of 100 per cent net renewable electricity supply under the ACT Climate Change Strategy towards net zero greenhouse gas emissions by 2045. We also switched our furnace at LMWQCC from fuel oil to natural gas, noting that ~94% of the energy for this process is already renewable from the embodied energy in the biosolids. While we still need to use some additional process fuel oil, natural gas produces significantly fewer emissions and contributed considerably to our reduced carbon footprint.

We have been involved in a number of opportunities that will reduce our waste to landfill, increase our beneficial reuse and support the local circular economy. For example in 2019–20 we:

- undertook a waste audit at our Lower Molonglo Water Quality Control Centre (LMWQCC)

facility and implemented actions to increase source separation and resource recycling

- investigated and trialled the use of recycled glass sand as pipe bedding material
- undertook a trial of water treatment solids drying, reuse and composting for development of landscaping materials
- demonstrated waste avoidance by arranging for office consumables to be delivered in returnable and reusable crates.

We saw an increase in waste to landfill in 2019–20, due to high water demand over summer which meant prolonged simultaneous use of both Googong and Stromlo water treatment plants and the generation of 22 per cent more water treatment plant solids. We’re currently looking at ways to reuse the solids in future. Most other waste streams saw reductions from last year. We also established office recycling hubs to collect bottles and cans and drop them off at container deposit scheme return points. The funds from this activity are donated to Abundant Water, a charity that originated in Canberra to provide clean water to remote overseas communities.

We continue to reduce our use of office paper across our offices, due to improved technology and messaging in the office to support a paperless culture. This reduction was further influenced during the latter half of 2019–20 by the impact of staff working from home during the COVID-19 shutdown period.

Table 14: Sustainable development performance – current and previous financial year (2019–20)

Indicator as at 30 June	Unit	Current FY	Previous FY	Percentage change
<b>Staff</b>				
Staff	FTE	400.75	408.95	-2
<b>Stationary energy use</b>				
Electricity use	Kilowatt hours	55,485,757	55,649,083	-0.3
Renewable electricity use	Kilowatt hours	831,479	214,026	288.5
Natural gas use	Megajoules	25,241,774	1,097,502	2199.9
<b>Transport fuel use</b>				
Total number of vehicles	Number	133	136	-2.2
Total kilometres travelled	Kilometres	2,222,512	2,432,370	-8.6
Fuel use – petrol	Kilolitres	13.0	15.7	-17.2
Fuel use – diesel	Kilolitres	409.7	412.5	-0.7
Fuel use – liquid petroleum gas (LPG)	Kilolitres	0	0	0
Fuel use – compressed natural gas (CNG)	Kilolitres	0	0	0
<b>Water use</b>				
Water use	Kilolitres	104,953	80,827	30.0
<b>Resource efficiency and waste</b>				
Reams of paper purchased	Reams	1,344	1,741	-22.8
Recycled content of paper purchased*	Percentage	76%	88%	-13.6
Waste to landfill	Tonnes	3,180	2,828	12.4
Co-mingled material recycled	Tonnes	5.65	10.5	-46
Paper and cardboard recycled (incl. secure paper)	Tonnes	37.00	37.60	-1.5
Organic material recycled	Tonnes	0	0	0
<b>Greenhouse gas emissions</b>				
Emissions from stationary energy use**	Tonnes CO <sub>2</sub> -e	11,001	21,286	-48.3
Emissions from transport	Tonnes CO <sub>2</sub> -e	1,203	1,220	-1.4
Total emissions	Tonnes CO <sub>2</sub> -e	24,164	34,568	-30.1

Table notes

- Estimations of 2019–20 electricity and natural gas use at smaller sites 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 include legacy, project construction and demolition waste data.
- The organic material figure does not include the organic waste generated at Icon Water's Mitchell office which is composted and used in our onsite vegetable garden.
- Emissions from stationary energy use includes electricity, natural gas, fuel oil, diesel and petrol emissions.
- Total emissions also include fugitive nitrous oxide emissions.
- Potable water consumption increased in 2019–20 due to an unavoidable process change at Fyshwick Sewage Treatment Plant.

\*76 per cent of paper had 20 per cent recycled content or more. 100 per cent of paper purchased was carbon neutral.

\*\*We've calculated our emissions from grid electricity in the ACT using ACT emissions factors. Emissions from grid electricity in the ACT from 1 October 2019 onwards have been assumed to be zero. NGERs emissions factors have been used for NSW grid electricity.



## CASE STUDY

### Spoil reuse – a win for the circular economy

Field services’ crews work day-in-day-out across Canberra repairing and maintaining our potable (drinkable) water and sewerage networks. When we need to excavate the soil to reach our underground pipes, we often use water jetting and hydrovac operations – this ensures gas, electricity and other underground utilities aren’t disturbed. Unfortunately, the excavation process leaves a mud-like spoil that is too wet and not structurally sound enough to be immediately put back into the excavated trench.

Previously, the material took long periods of time drying and then being sent offsite where it was used as quarry backfill. Seeking a better solution, we worked with regulators to develop and pilot a process that enables the drying, testing, sorting and eventual reuse of this material as backfill for similar excavations.

This innovation has helped to further the circular economy by re-using materials at their highest utility and keeping them out of landfill – and has also saved on our disposal costs.



## CASE STUDY

### You can’t beat a meter for recycling

Keeping water flowing throughout our city means we manage more than 176,000 water meters on behalf of residents and business owners. When meters approach the end of their useful life we replace them (in 2019–20 we replaced 7,958 meters, or around 4.5 per cent). We can’t re-use these old meters – but we do make sure they are recycled.

So far more than 11.4 tonnes of valuable metals have been made into new brass, copper and steel products. The metal in the old meters can be recycled many times over, which has significant environmental benefits including reducing carbon emissions, and less demand for natural or agricultural land to be used for mining.

This approach is financially responsible too, because, as an added bonus, Icon Water is paid for old metal water meters, so long as they are separated from other recyclables. In fact, we are recovering around \$60 a day from our water meter recycling program.

Because we work a lot with pipes, pumps and large treatment plants, we also recycle other steel, brass and copper parts. Last financial year our plant fitter, network services and maintenance teams collectively recycled over 23 tonnes – the equivalent of enough scrap to build two large ACT buses.





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 our 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. Our 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 operates as a Committee of the Icon Water Board. The role of the Committee is to provide independent assurance and advice to the Board on the integrity of Icon Water's internal control and compliance framework. The committee achieves this through its review and independent assurance on matters relating to assurance, risk management and internal control, and financial management. The attendance of directors of the Risk and Assurance Committee meetings held in 2019–20 is 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.

### The Risk and Assurance Committee members

Carol Lilley, Chair

Brett Tucker, Member

Helen Locher, Member  
(since May 2020)

Rachel Peck, Member  
(until 30 April 2020)

Abigail Goldberg, Member  
(until 26 January 2020)

## 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 (TRO) on 23 September 2016. The content of this program conforms to the requirements of the *Territory Records Act 2002*. The program was updated in June 2018 to reflect the recent changes made to the *Freedom of Information*

*Act 2016*. The revised program is available on the Icon Water website, and provides a framework for the creation, management and disposal of records of business activities.

The revised disposal schedules have been adopted and the reclassification of existing records has been completed. The records management program is currently being updated as a new Electronic Records Management System has

been implemented. The updates will be completed by August 2020.

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

**Table 15: Records disposal schedules – 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

# BUSHFIRE RISK MANAGEMENT

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Bushfires pose a number of risks to our operations and we manage these risks through an annual works program. These works primarily involve physically removing vegetation in order to meet the requirements of the ACT Government's Strategic Bushfire Management Plan and the specific bushfire protection needs of our water and sewerage assets.

Icon Water's Bushfire Operational Plan (BOP) for 2019–20 saw bushfire fuel hazard reduction works completed at our four major treatment plants, four water supply dams, 34 service reservoirs, three pump stations, three water mains and a number of other critical assets. In total, 49 planned hazard reduction works were scheduled and completed during 2019–20.

We also facilitated training for a number of our employees in an accredited Basic Wildfire Awareness course. This training not only improves staff safety but strengthens the interoperability between Icon Water and fire agencies during bushfire response and recovery operations.

Over this reporting period we endured with the community a devastating fire season with the impact far reaching, affecting many of our staff directly and indirectly. The Orroral Valley Fire moved quickly through a considerable amount of the Namadgi National Park and threatened numerous communities in our region. The fire burnt through the Bendora and Corin catchments, reaching the Corin Dam. While there was no damage to our infrastructure, the environmental impacts of the fires were significant.

During this time, we formed an Incident Management Team and liaised with the Emergency Services Agency (ESA) to ensure integration and communication during the event.

In the aftermath, we worked closely with ESA, ACT Parks and Conservation and the Australian Defence Force (ADF) to implement temporary measures to reduce the runoff of ash and sediment into the Corin Dam ahead of heavy rainfall in the ACT and surrounding regions. As part of this work, together with the ADF we installed silt curtains at both Corin and Bendora (see case study). We also provided input into the ESA's Report on the 2019–20 bushfire season.



Corin Dam post Orroral Valley Bushfire



## CASE STUDY

## Protecting Canberra's water supply after the bushfires

The Orroral Valley fire burnt approximately 88,000 ha in the ACT including extensive areas of the Namadgi National Park at the southern end of the Cotter Catchment. Over the burn area, 22 per cent was estimated to be burned at a high to very high fire severity, with significant impacts from fire, smoke and earthworks, plus post-fire impacts including debris flows and soil erosion.

Working with the ESA, Parks and Conservation Service and Australian Defence Force (ADF) personnel we supplied coir logs, wooden stakes and silt curtains (placed within dams) to control erosion sediment within the Corin and Bendora catchments. This work immediately after the fires

helped slow ash, debris and turbid water entering our water supply dams and is a step in the recovery process to facilitate natural rehabilitation.

A Rapid Risk Assessment Team (RRAT) was established within the ACT Government and, with Icon Water input, the team was able to complete a report on the Orroral Valley Fire within five days to support land and water managers to mitigate immediate risks.. The report scoped the scale and nature of emergency stabilisation, rehabilitation and recovery works, and emphasised impacts on built, cultural and environmental assets. The team identified 27 key risks across the burn area, including: direct impacts on cultural heritage; risks to public

safety; impacts on biodiversity (alpine bogs); threats to biodiversity; water quality – water catchments (sediment); and hillslope erosion.

We continue to work with ACT Parks and Conservation Service on the recovery of the landscape in keeping with the dual core purpose of water supply and conservation. Not only is this part of our environmental due diligence but is critical to protecting our source water.







## EMERGENCY AND CONTINUITY MANAGEMENT

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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 emergency management best practice. The centralised emergency and continuity management function allows us to implement a holistic and cohesive approach to training, testing and planning activities.

During 2019–20 we conducted six emergency or continuity

management 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 concluded, we identified and documented lessons learned for each exercise to enable continuous improvement of our emergency and continuity management preparedness.

While a number of planned exercises could not be conducted due to operational requirements in responding to summer bushfires or

due to the COVID-19 pandemic, our Tier 1 emergency and business continuity plans were utilised and reviewed during this time.

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

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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 biennially. All staff and contractors completed this mandatory training during this financial year. Icon Water's induction process also includes fraud awareness training for all new staff and contractors.

During 2019–20, we investigated and resolved three allegations of fraud, one of which was substantiated and resulted in termination of employment.

# FREEDOM OF INFORMATION

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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 telephone and online service to communicate with 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 services 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 are available 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](http://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](mailto:talktous@iconwater.com.au) or by telephone on 6248 3111.

## FOI requests 1 July 2019 to 30 June 2020

Icon Water received one request for access to documents under section 30 of the FOI Act 2016 during the reporting period. The application was granted access in full. Icon Water was also consulted throughout the year on applications received from other ACT Government agencies in three circumstances. All applications

were processed within the required timeframes and at no cost to the applicants.

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

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

No applications were received to publish open access information.



## CASE STUDY

### Say no to modern slavery

Icon Water respects human rights and considers modern slavery in any form to be unacceptable. As an employer, we are committed to providing a safe work environment free from modern slavery. We are also committed to working with suppliers to identify and tackle any modern slavery throughout their operations and supply chains. Modern slavery refers to situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. This includes human

trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and child labour. Modern slavery and human trafficking are crimes and a violation of a person's fundamental human rights.

To effectively tackle modern slavery and achieve sustainable change across our business operations and supply chains, we are implementing an approach which focuses on our policies and publications, training

and capacity building and supply chain due diligence. We will continue to evolve our approach as needed based on our increasing awareness of modern slavery risks within our business operations and supply chains.

We will publish our first modern slavery statement which provides more information regarding our activities during 2019-20 in December 2020.

## HUMAN RIGHTS ACT

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

There were no complaints made to the ACT Human Rights Commission during the reporting year.

## PUBLIC INTEREST DISCLOSURE

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Icon Water is required to comply with public interest disclosure requirements under both ACT and Commonwealth laws. While the scope and focus of these vary to some extent, they provide 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.

A new whistleblower policy was published and implemented ahead of 30 December 2019, in accordance with the new Commonwealth requirements.

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

## LEGAL SERVICES DIRECTION

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Icon Water is a separate legal entity from the Australian Capital 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)*.

# 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><b>Recommendation 52</b></p> <p>Icon Water should undertake an independent market appraisal of the value of the services provided in the Service Agreements with ActewAGL.</p> <p><b>Government Response – Agreed in principle</b></p> <p>Icon Water commenced consideration of options for ongoing service requirements, in preparation for the 2023 expiry of the service contracts.</p> <p>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 requirement</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 <a href="http://www.iconwater.com.au/About-Us/Supplying-goods-or-services-to-Icon-Water/Service-Contracts.aspx">http://www.iconwater.com.au/About-Us/Supplying-goods-or-services-to-Icon-Water/Service-Contracts.aspx</a></p> <p>A project was initiated in March 2019 to define a sourcing strategy for the required services. The project was broken up into four phases to facilitate a structured approach to the important decisions to be made. With the fourth phase being completed in June 2020, planning is now underway to facilitate the implementation of the sourcing strategy.</p>	<p>In progress</p>
<p><b>Recommendation 6</b></p> <p>Icon Water include in the annual report a clear definition of each operating mode of the Murrumbidgee to Googong Pipeline and record the time and associated costs spent in each mode.</p> <p><b>Government Response – Agreed</b></p>	<p>Actioned. See page 55 of the 2018–19 Annual Report and to be reported on in subsequent annual reports.</p> <p>Icon Water has made information on its source water strategy and Murrumbidgee to Googong pipeline publicly available on its website and in its <i>Business Strategy (Statement of Corporate Intent) and Annual Report 2018–19</i>.</p>	<p>Completed</p>

# AUDITOR-GENERAL AND OMBUDSMAN REPORTS

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ACT AUDITOR-GENERAL'S REPORT: 2018–19 FINANCIAL AUDITS FINANCIAL RESULTS AND AUDIT FINDINGS  
REPORT NO. 10/2019

There were no audit findings relating to Icon Water during 2019–20.

OMBUDSMAN REPORTS

There were no Ombudsman reports relating to Icon Water during 2019–20.



FINANCIAL  
REPORTS



## FINANCIAL MANAGEMENT ANALYSIS

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The following financial information is based on audited Financial Statements for 2019–20 and comparatives for the 2018–19 financial year.

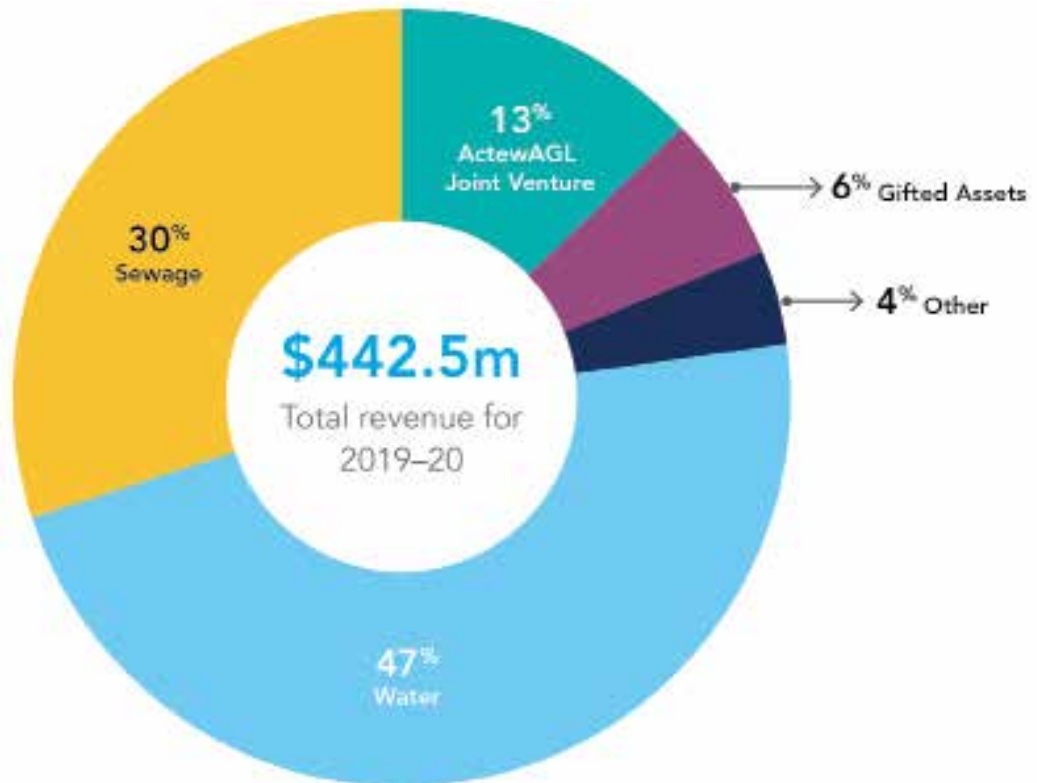
Icon Water recorded a net profit after tax for the year 2019–20 of \$80.3m (2018–19: \$87.1m).

The key factor that contributed to this lower performance compared to the prior year was lower joint venture income of \$30.6m which was mainly attributable to reduced electricity and gas margins largely offset by increased water revenue driven by the dry conditions early in the financial year.



## Revenue

During 2019-20 Icon Water derived \$442.5m in revenue and joint venture income. The components of this are depicted in the following graph:

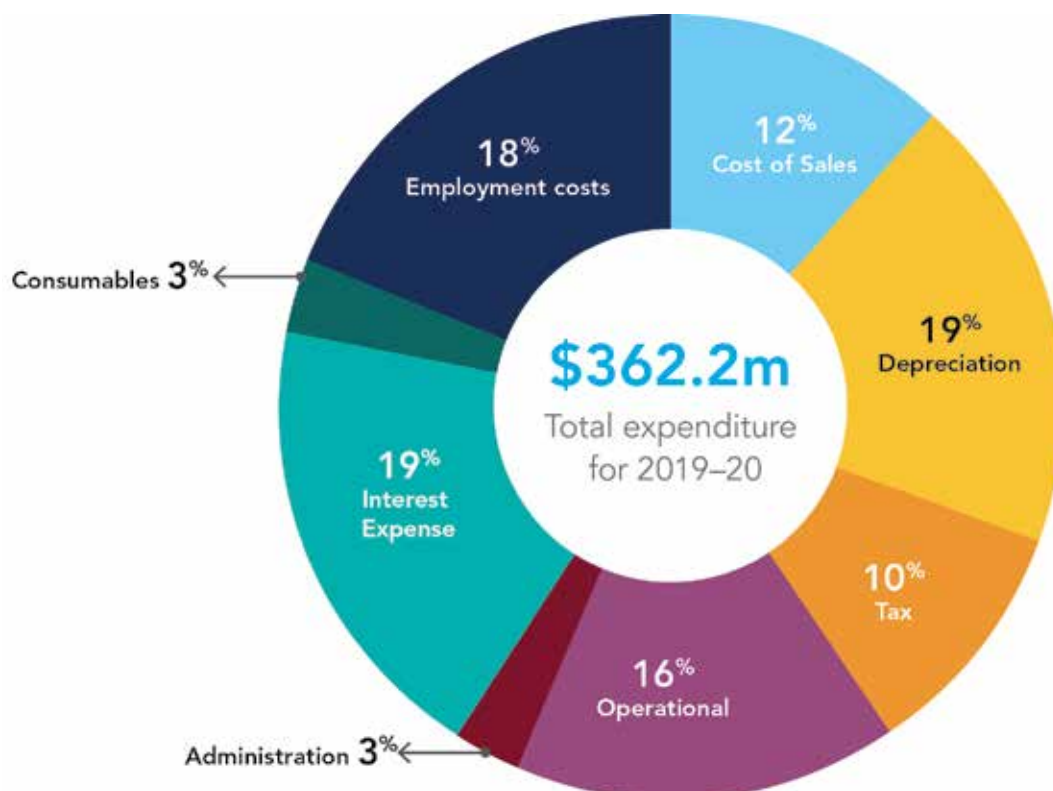


### Comparison to 2018-19 total revenue

Total revenue of \$442.5m was \$11.4m higher than 2018-19. This was mainly attributable to \$22.2m higher water revenue related to dry conditions and increased water consumption, and \$17.6m additional gifted assets received during the year. This was offset by \$30.6m lower joint venture income than the prior year which was mainly attributable to reduced electricity and gas margins.

## Expenditure

During 2019-20 Icon Water incurred \$362.2m in expenditure. The components of this are depicted in the following graph:



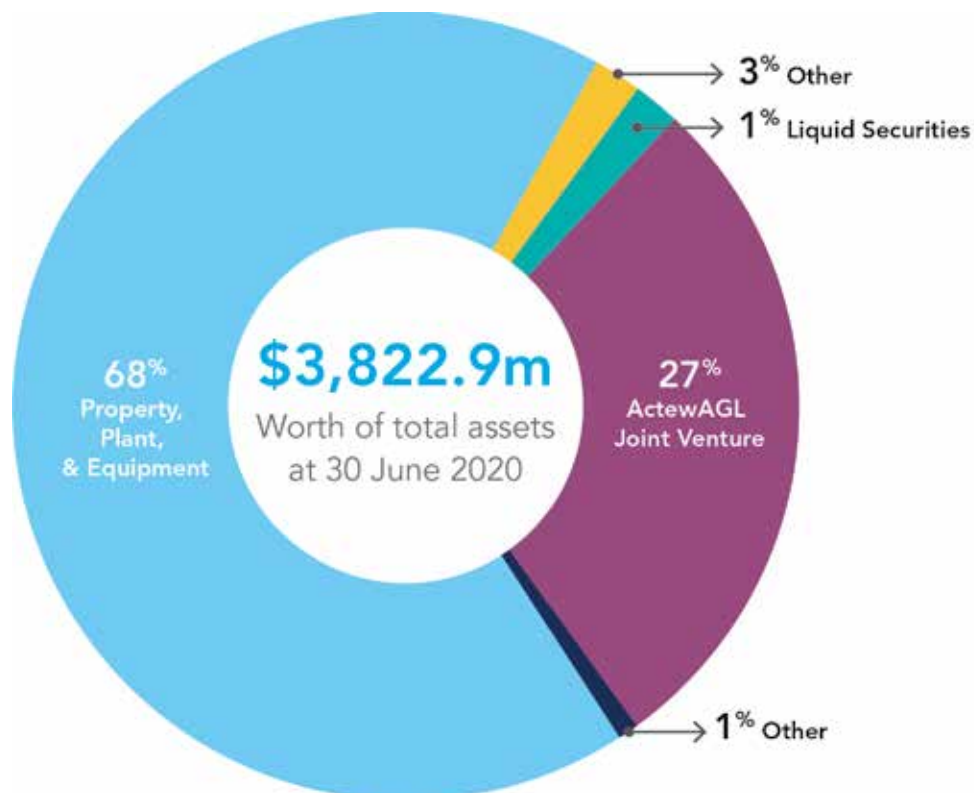
### Comparison to 2018-19 total expenditure

Total expenditure was \$18.0m higher than 2018-19 mainly due to the following factors:

- Higher interest expense of \$7.7m primarily due to additional borrowings; and
- Higher depreciation of \$7.3m which was primarily due to increased IT assets in the current year.

## Assets

Icon Water has \$3,822.9m in assets at 30 June 2020. The components are as depicted in the following graph:

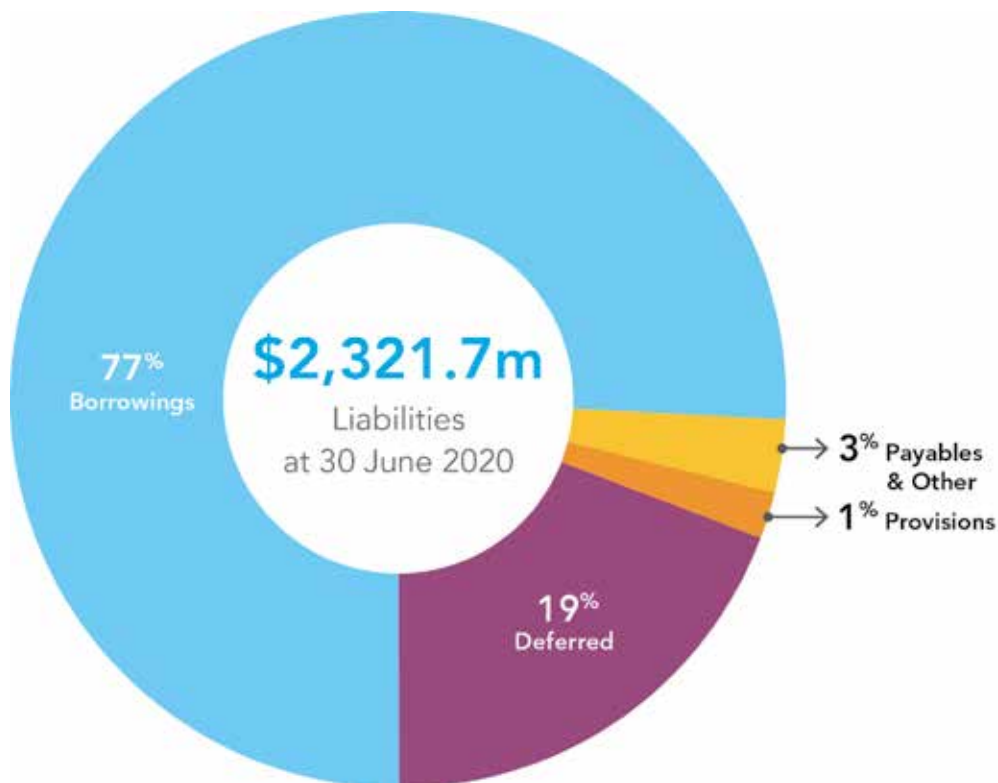


The major components are as follows:

- Property, plant and equipment totalling \$2,586.7m mainly consisting of Icon Water's water and sewerage infrastructure assets; and
- Investment of \$1,043.8m in the ActewAGL Joint Venture, consisting of two separate operations, energy retailing and distribution.

## Liabilities

Icon Water has \$2,321.7m in liabilities. The components are as depicted in the following graph:



The major components are as follows:

- Outstanding borrowings at 30 June 2020 are \$1,783.0m, a net increase of \$53.7m in the current financial year; and
- Deferred tax (net) liability at 30 June 2020 of \$433.0m. This amount is mainly due to the tax effect of historic 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 2019-20 included a dividend of \$58.5m and income tax equivalent payments of \$45.4m.



**Icon Water Limited and  
Controlled Entities**

ABN 86 069 381 960

General Purpose

**ANNUAL REPORT**

For the year ended  
30 June 2020

# Icon Water Limited and Controlled Entities

ABN 86 069 381 960

Annual Report for the year  
ended 30 June 2020

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## 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 2020.

### 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 2020 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), including as NSW Branch Secretary and National Secretary.

#### 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 Board'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 is a full time independent board director and Audit Committee Member. She was a Partner of PricewaterhouseCoopers and was a financial statement and internal auditor for nearly 20 years. Her experience is in governance and assurance including financial statement audit, internal audit

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

Ms Lilley is currently Chair of two ACT Government Directorate Audit Committees (Chief Minister, Treasury and Economic Development Directorate and Transport Canberra and City Services Directorate). She also has various governance roles for Commonwealth Government entities (including as a Member of the Audit Committee for Services Australia and Chair for the Department of Home Affairs amongst others).

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

BEng (Civil), DipPM, MBA, MIEAust, MAICD

In 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. Mr Hezkial is also Member of the Icon Water Remuneration Committee. Mr Hezkial was appointed as a Member of the ActewAGL Partnerships Board and the ActewAGL Retail Investments Board in April 2019.

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. 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). Mr Hezkial is a Member of the Institution of Engineers Australia and of the Australian Institute of Company Directors.

### Rachel Peck, Director

BEng (Civil) (Hons), MBA, FAICD

Term concluded 1 May 2020

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 was 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 a 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 was a Director of Powerco New Zealand 2010–2019. He has been the Head of the School of Economics, University of New South Wales and Dean, Faculty of Commerce, University of Wollongong.

Dr Parry is currently a Director of Powering Australian Renewables Fund.

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  
Resigned 27 January 2020

Abigail Goldberg was appointed to the Icon Water Board in July 2017. She was 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 both the Icon Retail Investments Limited Board and Icon Distribution Investments Limited Board.

Mr Tucker has more than 28 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 a former 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, 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 Strategic Advisor – Office of CEO, SMEC; a Member of the Northern Territory Planning Commission; 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 land use and infrastructure planning across all levels of government and

various jurisdictions. Of particular relevance to Icon Water is her former role as 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, and 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.

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

## Directors (continued)

### Dr Helen Locher, Director

BSc (Earth Science), MEnvSc (Environmental Science), PhD (Civil Engineering), GAICD  
Appointed 2 May 2020

Dr Helen Locher was appointed to the Icon Water Board in May 2020. 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. Dr Locher also sits on the Risk and Assurance Committee.

Dr Locher is currently a non-executive director of the Tasmanian Water and Sewerage Corporation (TasWater), and a tribunal member of the Resource Management and Planning Appeals Tribunal (Tasmania). She has had previous board roles with the Environmental Protection Agency (Tasmania) and the Resource Management and Planning Commission (Tasmania).

Dr Locher has 18 years of experience working in senior roles for Hydro Tasmania, more than 30 years doing international consulting work, and 13 years serving on boards. She has considerable

experience working with the water and energy industries, focused on environmental, social and sustainability challenges arising with major infrastructure development and operations across a variety of contexts. She has worked in more than 30 countries and on all continents, and as an independent consultant has delivered assignments for clients including the World Bank, International Finance Corporation, Asian Development Bank, Mekong River Commission and the International Hydropower Association. Dr Locher has received several international awards recognising her significant contributions to better addressing sustainability issues in the global hydropower sector.

Helen has a Bachelor of Science (Earth Science), a Masters of Environmental Science, a PhD in Civil Engineering, and is a Graduate of the Australian Institute of Company Directors.

### Peter Dennis, Director

BEng, M Environmental Studies, Dip Mgmt, FIE Aust, CPEng, NER, Int PE (Aus), MAICD  
Appointed 2 May 2020

Peter Dennis was appointed to the Icon Water Board in May 2020. He 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.

Mr Dennis is currently the Managing Director of HunterH2O, a professional engineering services firm in the Australian water industry; a Director of the NSW Local Government Procurement Board; and a Director of the Australian Water Association.

Mr Dennis has over 30 years' water industry experience in Australia and overseas. Peter has been the Chief Executive Officer of Seqwater (Bulk Water Utility for South East Queensland); Chief Executive Officer of the Armidale Regional Council; as well as senior executive roles with Hunter Water Corporation. Peter has extensive experience in all aspects of water utility management including strategy development and execution, customer/community consultation, operational leadership, regulator engagement, policy

development, infrastructure delivery, ongoing asset management and workforce planning.

He has a strong interest in sustainable urban water management and in ensuring the water industry is resilient against the impact of climate variability. He has also been actively involved in supporting our Pacific neighbours to meet the challenges of sustainable water management.

Mr Dennis was included in the Top 100 most Influential Engineers in Australia (2014 and 2015) and awarded the Newcastle Division of Engineers Australia 'Professional Engineer of the Year (2009)'.

Peter has a Bachelor of Engineering in chemical engineering, Masters of Environmental Studies, a postgraduate Diploma of Management, a Corporate Directors Diploma with high distinction, and is a Conjoint Professor in Engineering at the University of Newcastle. He also lectured in Environmental Process Technologies for over 15 years.

## Company Secretary

### Jane Breaden

BBus, MSc, MMgsST, GCProfWrtg, GCPerfAudt  
Resigned 26 February 2020

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 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.

### 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. She is admitted to practice law in the Supreme Court of the ACT and is member of the Australian Institute of Company Directors.

## 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	6	7	-	-	3	4
Carol Lilley	7	7	5	5	4	4
Ray Hezkial	7	7	-	-	4	4
Rachel Peck	6	7	3	4	3	3
Dr Thomas Parry AM	6	7	-	-	4	4
Abigail Goldberg	4	4	2	2	2	2
Brett Tucker	7	7	5	5	4	4
Dorte Ekelund	7	7	-	-	4	4
Dr Helen Locher	1	1	1	1	1	1
Peter Dennis	1	1	-	-	1	1

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 Icon Water's subsidiary companies are as follows:

- Icon Distribution Investments Limited - a holding company for Icon Water's interest in the Distribution Partnership of the ActewAGL Joint Venture.
- Icon Retail Investments Limited - a holding company for Icon Water's interest in the Retail Partnership of the ActewAGL Joint Venture.

## Review of operations

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

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Revenue and other income	384,726	342,977
Share of net profit from joint venture partnerships	57,805	88,403
Total revenue and share of net profit from ActewAGL partnerships	442,531	431,380
Profit before income tax expense	117,338	127,669
Income tax equivalents expense	(37,046)	(40,604)
Profit for the year	80,292	87,065
<b>Payments to the ACT Government</b>		
Interim dividend for current year profit	47,151	56,440
Final dividend for previous year profit	11,340	14,873
	58,491	71,313
Tax equivalents payments	45,352	37,168
<b>Total payments to the ACT Government</b>	<b>103,843</b>	108,481

At 30 June 2020, the impact of the COVID-19 pandemic on Icon Water's financial performance has not been significant.

## Dividends

A final dividend for the 2018-19 financial year was paid in October 2019 of \$11.3 million (2018: \$14.9 million). An interim dividend of \$47.2 million (2019 interim dividend: \$56.4 million) was paid in June 2020. The directors expect to declare a 2019-20 final dividend of \$4.1 million (2018-19 final dividend: \$11.3 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 2020 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

A likely development in the operations of Icon Water that was not finalised at the date of this report is the proposed formation of ActewAGL New Energy Pty Ltd. ActewAGL New Energy Pty Ltd will pursue new energy opportunities in the Canberra Region and other locations. ActewAGL New Energy Pty Ltd will be owned in equal shares by the partners in ActewAGL Distribution and the partners in ActewAGL Retail.

## 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 compliance with all laws. Icon Water has maintained compliance with the licence during the year.

### Environmental Regulations

Icon Water has assessed that there are two key environmental approvals relevant to compliance performance. In accordance with the *Environment Protection Act 1997 (ACT)*, Icon Water is subject to an ACT Environmental Authorisation for water discharges and air emissions from the Lower Molonglo Water Quality Control Centre. Icon Water is also subject to a New South Wales Environment Protection Licence for water discharge from the Googong Water Treatment Plant in accordance with the *Protection of the Environment (Operations) Act 1997 (NSW)*.

	Compliance	
	2019-20	Target
Googong pollution control licence compliance	100%	100%
Sewerage treatment discharge compliance	100%	100%
Sewerage treatment emission compliance	100%	100%

Icon Water holds several other environmental activity approvals, approved management plans and development approval conditions applied through the major project assessment process that require compliance. Icon Water has maintained compliance with all current environmental approvals.

### 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 2018-19 annual report to the EPA on 31 October 2019. Icon Water complied with the requirements of the licence throughout 2019-20. 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 2019-20. Icon Water complied with the requirements of the licence throughout 2019-20.

### Insurance of officers and directors

During the year, Icon Water paid a premium of \$162,203 (30 June 2019: \$143,074) 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 2019-20 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 13.

### Rounding of amounts

Icon Water 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.



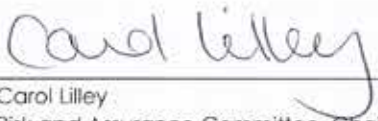
Wendy Caird  
Chair

Canberra  
26 August 2020



Ray Hezkial  
Managing Director

Canberra  
26 August 2020



Carol Lilley  
Risk and Assurance Committee, Chair

Canberra  
26 August 2020





AUDITOR-GENERAL AN OFFICER  
OF THE ACT LEGISLATIVE ASSEMBLY 

## 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 (Group) for the year ended 30 June 2020 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 2020, and its financial performance and cash flows for the year then ended; and
- (ii) is presented in accordance with the *Corporations Act 2001* and complies 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 (including Independence Standards)* (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 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 it represents 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  
27 August 2020



AUDITOR-GENERAL AN OFFICER  
OF THE ACT LEGISLATIVE ASSEMBLY 

**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 2020, 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  
27 August 2020

## Consolidated statement of profit or loss

	Note	2020 \$'000	2019 \$'000
<b>Continuing operations</b>			
Revenue from contracts with customers	3a	379,177	338,525
Cost of providing goods and services	4a	(255,902)	(241,223)
Other income		2,594	3,289
<b>Operating profit</b>		<b>125,869</b>	100,591
Finance income	4b	2,955	1,163
Finance costs	4b	(69,062)	(61,362)
<b>Finance costs – net</b>		<b>(66,107)</b>	(60,199)
Impairment loss		(229)	(1,126)
Share of net profit of joint venture partnerships accounted for using the equity method		57,805	88,403
<b>Profit before income tax equivalents expense</b>		<b>117,338</b>	127,669
Income tax equivalents expense	5a	(37,046)	(40,604)
<b>Profit for the year</b>		<b>80,292</b>	87,065
<b>Profit is attributable to</b>			
Owners of Icon Water Limited and Controlled Entities		80,292	87,065

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

## Consolidated statement of other comprehensive income

	Note	<b>2020</b> \$'000	2019 \$'000
<b>Profit for the year</b>		<b>80,292</b>	87,065
<b>Other comprehensive income</b>			
Property, plant and equipment revaluation increment		-	13,579
Income tax relating to components of other comprehensive income	5a	-	(4,074)
<b>Items that will not be reclassified subsequently to profit or loss</b>	9b	-	9,505
<b>Total comprehensive income for the year</b>		<b>80,292</b>	96,570
<b>Comprehensive income is attributable to:</b>			
Owners of Icon Water Limited and Controlled Entities		80,292	96,570

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

## Consolidated statement of financial position

	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7a	49,036	54,700
Investments at amortised cost	7b	-	10,000
Trade receivables	7c	25,939	28,779
Other financial assets	7d	8,490	8,777
Contract assets	3b	21,824	19,168
Prepayments	8a	4,791	3,622
Inventories	8b	4,346	4,196
Tax receivable		1,906	-
<b>Total current assets</b>		<b>116,332</b>	<b>129,242</b>
<b>Non-current assets</b>			
Other financial assets	7d	-	26
Prepayments	8a	8,127	9,868
Investments accounted for using the equity method	8c	1,043,771	1,031,716
Property, plant and equipment	8d	2,586,716	2,517,330
Right-of-use assets	8e	9,617	-
Investment properties	8f	12,000	12,000
Intangible assets	8g	46,361	44,524
<b>Total non-current assets</b>		<b>3,706,592</b>	<b>3,615,464</b>
<b>Total assets</b>		<b>3,822,924</b>	<b>3,744,706</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7e	51,169	52,108
Tax payable		-	7,201
Contract liabilities	3b	7,118	6,011
Borrowings	7f	-	328,283
Lease liabilities	8e	2,860	-
Provisions	8i	31,233	39,293
<b>Total current liabilities</b>		<b>92,380</b>	<b>432,896</b>
<b>Non-current liabilities</b>			
Borrowings	7f	1,782,991	1,400,966
Lease liabilities	8e	6,645	-
Provisions	8i	5,609	6,369
Contract liabilities	3b	1,081	73
Deferred tax balances	8j	433,015	432,213
<b>Total non-current liabilities</b>		<b>2,229,341</b>	<b>1,839,621</b>
<b>Total liabilities</b>		<b>2,321,721</b>	<b>2,272,517</b>
<b>Net assets</b>		<b>1,501,203</b>	<b>1,472,189</b>
<b>Equity</b>			
Share capital	9a	758,871	758,871
Reserves attributable to the owners	9b	520,768	520,768
Retained profits attributable to the owners		221,564	192,550
<b>Total equity</b>		<b>1,501,203</b>	<b>1,472,189</b>

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

## Consolidated statement of cash flows

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		354,787	338,239
Payments to suppliers and employees (inclusive of GST)		(186,327)	(184,208)
		168,460	154,031
Interest received		3,059	1,237
Income tax equivalents paid		(45,352)	(37,168)
Interest paid		(72,466)	(66,863)
<b>Net cash inflow from operating activities</b>		<b>53,701</b>	51,237
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(95,807)	(79,561)
Payments for intangible assets		(10,182)	(19,759)
Proceeds from sale of assets		5	103
Joint venture partnership distributions received		45,750	59,000
Proceeds for cash investments		10,000	23,000
<b>Net cash (outflow) from investing activities</b>		<b>(50,234)</b>	(17,217)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		376,135	84,310
Repayment of borrowings		(324,011)	(24,812)
Lease payments		(2,764)	(101)
Dividends paid	6	(58,491)	(71,313)
<b>Net cash (outflow) from financing activities</b>		<b>(9,131)</b>	(11,916)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(5,664)</b>	22,104
Cash and cash equivalents at the beginning of the financial year		54,700	32,596
<b>Cash and cash equivalents at end of the financial year</b>	7a	<b>49,036</b>	54,700

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	Asset revaluation reserve \$'000	Total equity \$'000
<b>Balance at 1 July 2018</b>		758,871	173,265	511,263	1,443,399
Profit for the year		-	87,065	-	87,065
Other comprehensive income		-	-	9,505	9,505
<b>Total comprehensive income for the year</b>		-	87,065	9,505	96,570
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	6	-	(67,780)	-	(67,780)
<b>Balance at 30 June 2019</b>		758,871	192,550	520,768	1,472,189
<b>Balance at 1 July 2019</b>		758,871	192,550	520,768	1,472,189
Profit for the year		-	80,292	-	80,292
<b>Total comprehensive income for the year</b>		-	<b>80,292</b>	-	<b>80,292</b>
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	6	-	(51,278)	-	(51,278)
<b>Balance at 30 June 2020</b>		<b>758,871</b>	<b>221,564</b>	<b>520,768</b>	<b>1,501,203</b>

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 equivalents 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 16 Leases (AASB 16) for the first time for the annual reporting period commencing 1 July 2019. The Group had to change its accounting policies following the adoption of AASB 16. The Group elected to adopt the new rules prospectively and recognised the cumulative effect of initially applying the new standard on 1 July 2019. This is disclosed in note 8(e).

The adoption of all other new standards or amendments to standard interpretations did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

There are no 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.

#### (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.

### 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.

**d) Impact of COVID-19 pandemic**

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by the Federal and ACT governments to contain the virus have impacted economic activity. Icon Water has taken a number of measures to monitor and mitigate the effects of the COVID-19 virus such as social distancing including working from home, and securing the supply of materials that are essential to operations.

At 30 June 2020, the impact of COVID-19 on Icon Water's financial performance has not been significant. This is primarily attributable to:

- the low infection rate in Canberra
- Canberra's lower than average unemployment rate due to the large proportion of government departments and agencies being based in Canberra
- the ACT Government providing rebates to some business customers.

Icon Water has continued to monitor business activity and economic conditions to support this assessment as at 26 August 2020. This has been performed to identify if any subsequent events have occurred since 30 June 2020.

The key areas of Icon Water's business that have been considered for potential impact include the change in volume of water consumed by residential and commercial customers, debt collection and equivalent concerns for the joint venture affecting cash collection and subsequent impacts on cash and borrowings, supply chains, employee availability and support measures. In addition, the fair value of water and sewerage infrastructure assets, fair value of the investment held in the ActewAGL Joint Venture, fair value of investment property, fair value of land and buildings and the allowance for impairment of receivables have also been considered.

No material uncertainty exists about Icon Water's ability to continue as a going concern.

**e) Impact of climate change**

As the ACT region's water and sewerage utility, Icon Water's operations and financial results are affected by weather, rainfall cycles and climate change. Climate change may increase the occurrence of extreme events, such as bushfires, drought, floods and heat waves. These extreme events will have an impact on Icon Water's financial results through changing the demand for water and also increasing operating and capital costs.

Climate change may also cause the ACT region's average temperatures to increase which may result in increased consumption of water (revenue) and a corresponding increase to the operating expenditure to supply that water, especially if dam levels are low. Wetter conditions could result in reduced consumption of water (revenue). The demand for water may also impact the useful life of the water and sewerage infrastructure assets. Potential secondary impacts such as decline in water quality may affect water availability and treatment costs.

Climate change may result in additional infrastructure assets being constructed to ensure the ACT region's longer term water security. Potential changes to the demand for water, the useful life of assets and the requirement to enhance existing assets may have an impact on the future price of water charged to the community.

Climate change has not had a material impact on Icon Water's financial performance, and there is no material uncertainty about Icon Water's ability to continue as a going concern.

## 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 2020

	Water \$'000	Sewerage \$'000	Investments <sup>1</sup> \$'000	Unallocated \$'000	Consolidated \$'000
<b>Statement of profit or loss</b>					
Sales to external customers including share of net profit of joint venture partnerships	206,963	130,985	57,805	-	395,753
Other revenue	1,527	1,067	-	2,955	5,549
Commonwealth subvention	1,259	11,327	-	-	12,586
Gifted assets	15,110	13,533	-	-	28,643
<b>Total segment revenue</b>	<b>224,859</b>	<b>156,912</b>	<b>57,805</b>	<b>2,955</b>	<b>442,531</b>
Interest expense	26,048	21,540	21,474	-	69,062
Segment result before tax expense	43,095	35,661	35,627	2,955	117,338
Income tax equivalents expense					37,046
<b>Profit for the year</b>					<b>80,292</b>
<b>Statement of financial position</b>					
Segment assets	1,643,816	1,080,467	1,049,581	49,060	3,822,924
Segment liabilities	860,152	742,816	718,753	-	2,321,721
Investments in joint venture partnerships	-	-	1,043,771	-	1,043,771
<b>Other</b>					
Acquisition of property, plant and equipment (including gifted assets)	61,022	64,266	-	-	125,288
Acquisition of intangible assets	3,890	3,384	-	-	7,274
Depreciation and amortisation	41,440	27,047	-	-	68,487

<sup>1</sup> 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 2019

	Water \$'000	Sewerage \$'000	Investments <sup>1</sup> \$'000	Unallocated \$'000	Consolidated \$'000
<b>Statement of profit or loss</b>					
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
<b>Total segment revenue</b>	<b>192,243</b>	<b>149,571</b>	<b>88,403</b>	<b>1,163</b>	<b>431,380</b>
Interest expense	15,217	17,428	28,717	-	61,362
Segment result before tax expense	31,371	35,929	59,206	1,163	127,669
Income tax equivalents expense					40,604
<b>Profit for the year</b>					<b>87,065</b>
<b>Statement of financial position</b>					
Segment assets	1,613,992	1,027,937	1,037,949	64,828	3,744,706
Segment liabilities	618,343	678,946	975,228	-	2,272,517
Investments in joint venture partnerships	-	-	1,031,716	-	1,031,716
<b>Other</b>					
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

**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.

<sup>1</sup> 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

	2020 \$'000	2019 \$'000
<b>Australia</b>		
Water revenue	205,058	182,695
Sewerage revenue	130,322	129,848
Commonwealth subvention	12,586	12,279
Gifted assets	28,643	11,029
Other water related revenue	1,905	2,020
Other sewerage related revenue	663	654
	<b>379,177</b>	<b>338,525</b>

#### Accounting policy

##### *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 has 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 2020 accrual amount was \$17.3 million (30 June 2019: \$14.8 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:

	2020 \$'000	2019 \$'000
<b>Current assets</b>		
Trade receivables (Refer note 7(c))	25,939	28,779
<b>Total trade receivables</b>	<b>25,939</b>	28,779
<b>Current assets</b>		
Accrued revenue relating to water supply contracts	19,820	17,372
Other accrued revenue (i)	2,004	1,796
<b>Total contract assets</b>	<b>21,824</b>	19,168
<b>Current liabilities</b>		
Revenue received in advance relating to water and sewerage supply contracts	7,118	6,011
<b>Total current contract liabilities</b>	<b>7,118</b>	6,011
<b>Non-current liabilities</b>		
Revenue received in advance relating to water and sewerage capital contributions	1,081	73
<b>Total non-current contract liabilities</b>	<b>1,081</b>	73

(i) Other accrued revenue consists mostly of accrued community service obligations revenue for the June quarter of \$1.8 million (30 June 2019: \$1.8 million).

##### Accounting policy

A contract asset is recognised in relation to an estimated accrual for water consumed but not yet billed (refer to note 3a). The community service obligation revenue accrual is for water and sewerage services consumed by community service organisations but not yet billed.

A contract liability is recognised in relation to water and sewerage revenue received in advance from customers, where the Group has not yet provided the services.



#### 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

	2020 \$'000	2019 \$'000
<b>Cost of providing goods and services</b>		
Employment and associated costs	64,014	60,571
Depreciation and amortisation expense	68,487	61,193
Operational costs	101,716	101,868
Consumables used	10,081	10,513
Other expenses	11,604	7,078
	<b>255,902</b>	241,223

##### b) Finance income and costs

	2020 \$'000	2019 \$'000
<b>Finance income</b>		
Interest from financial assets not at fair value through profit or loss	2,955	1,163
<b>Finance income</b>	<b>2,955</b>	1,163
<b>Finance costs</b>		
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	74,817	67,805
Provisions: unwinding of discount	29	328
	74,846	68,133
Amount capitalised	(5,784)	(6,771)
<b>Finance costs expensed</b>	<b>69,062</b>	61,362
<b>Net finance costs</b>	<b>66,107</b>	60,199

##### 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 \$3.0 million (2019: \$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

	2020 \$'000	2019 \$'000
<b>Current tax</b>		
Current tax equivalents expense recognised in the current year	34,806	41,060
Adjustment to prior year (i)	62	265
	34,868	41,325
<b>Deferred tax</b>		
Deferred tax equivalents expense recognised in the current year	933	(3,498)
Adjustments to deferred tax for prior periods (i)	1,245	2,777
	2,178	(721)
<b>Income tax equivalents expense</b>	<b>37,046</b>	40,604
Current tax – credited directly to equity	-	4,074
	<b>37,046</b>	44,678

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

	2020 \$'000	2019 \$'000
Profit from continuing operations before income tax expense	117,338	127,669
Tax at the Australian tax rate of 30% (2018-19: 30%)	35,201	38,301
Other items:		
– Inter-company dividends	(144)	(144)
– Non-assessable income	(77)	(1,754)
– Non-deductible expenses	736	1,190
– Share of joint venture profits and partner share of profits	66	(31)
– Adjustments for income tax expense of prior periods (i)	1,307	3,042
– Other	(43)	-
<b>Income tax equivalents expense</b>	<b>37,046</b>	40,604

- (i) Adjustments to prior year for the current period relates to differences between the 2018-19 financial statements and the 2018-19 income tax return. The net adjustment of the current and deferred tax is \$1.3 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

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Dividends payable at the beginning of the financial year	11,340	14,873
Amount appropriated from operating profit	51,278	67,780
	62,618	82,653
Amount paid during the year	(58,491)	(71,313)
<b>Dividends payable at the end of the financial year</b>	<b>4,127</b>	11,340

### 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

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Current assets</b>		
Cash at bank and on hand	16,036	17,700
Short-term deposits	33,000	37,000
	<b>49,036</b>	54,700

#### 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

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Current assets</b>		
Short-term securities	-	10,000
	-	10,000

#### Accounting policy

Investments are recorded at amortised cost as the Group intends to hold them 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. There has been no loss allowance recognised for the investments at 30 June 2020 (2019: nil).

## 7. Financial assets and financial liabilities (continued)

## c) Trade receivables

	2020 \$'000	2019 \$'000
<b>Current assets</b>		
Water revenue receivables	14,382	16,878
Sewerage revenue receivables	11,204	11,628
Other trade receivables (i)	1,227	637
Allowance for impairment of receivables (ii)	(874)	(364)
	<b>25,939</b>	28,779

(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:

	2020 \$'000	2019 \$'000
At the beginning of the financial year	364	598
Provision for impairment recognised/(reversed) during the year	524	(95)
Receivables written off during the year as uncollectible	(14)	(139)
<b>At the end of the financial year</b>	<b>874</b>	364

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. Icon Water has increased the allowance for impairment of receivables due to the economic downturn brought on by the COVID-19 pandemic.

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.

## 7. Financial assets and financial liabilities (continued)

## d) Other financial assets

	2020 \$'000	2019 \$'000
<b>Current assets</b>		
Employee entitlement receivable – related parties	5,809	6,233
Other receivables	2,681	2,544
	<b>8,490</b>	8,777
<b>Non-current assets</b>		
Other receivables	-	26
	-	26

**Accounting policy**

The Group holds these receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

*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.

## e) Trade and other payables

	2020 \$'000	2019 \$'000
<b>Current</b>		
Trade payables	7,451	6,385
Other payables and accruals	43,718	45,723
	<b>51,169</b>	52,108

**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*

Finance lease liabilities were included in other payables and accruals in the prior year, but were reclassified to lease liabilities on 1 July 2019 in the process of adopting the new leasing standard. At 30 June 2019 Icon Water had a finance lease for a heavy vehicle with a carrying amount of \$0.6 million which was due to expire within one year. This lease was recognised at amortised cost and was classified as a finance lease as the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

## 7. Financial assets and financial liabilities (continued)

## f) Borrowings

	2020 \$'000	2019 \$'000
<b>Current liabilities</b>		
Unsecured loans	-	328,283
	-	328,283
<b>Non-current liabilities</b>		
Unsecured loans	1,782,991	1,400,966
	1,782,991	1,400,966
<b>Total borrowings</b>	<b>1,782,991</b>	1,729,249

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

Instrument	Balance (million)	Yield (%)	Maturity (years)	Start Date	Maturity Date
MTN	\$99.3	4.22	4	22 May 2014	22 May 2024
MTN	\$124.0	2.67	6	23 May 2016	21 May 2026
MTN	\$471.7	3.25	8	18 April 2018	18 April 2028
CIB	\$302.7	3.72	10	17 June 2010	17 June 2030
MTN	\$375.6	1.87	11	23 October 2019	23 October 2031
IAB	\$307.3	4.21	28	12 June 2008	12 June 2048
IAB	\$102.4	5.74	28	12 June 2009	12 June 2048
<b>Total</b>	<b>\$1,783.0</b>				

**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, other financial assets and financial liabilities

#### Accounting policy

##### *Classification*

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 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.

##### *Initial and 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 a 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*

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, other financial assets and financial liabilities (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

	2020 \$'000	2019 \$'000
<b>Current assets</b>		
Prepayments	4,791	3,622
	<b>4,791</b>	3,622
<b>Non-current assets</b>		
Prepayments (i)	8,127	9,868
	<b>8,127</b>	9,868

- (i) This includes \$4.9 million for carbon credits and \$3.2 million for the upgrade of a corporate information technology system used by Icon Water which is under agreement with ActewAGL.

**Accounting policy**

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

	2020 \$'000	2019 \$'000
<b>Current assets</b>		
Finished goods for operational use	4,346	4,196
	<b>4,346</b>	4,196

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 \$10.1 million (2019: \$10.5 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

	2020 \$'000	2019 \$'000
<b>Non-current assets</b>		
Interest in joint venture partnerships	1,043,771	1,031,716
	<b>1,043,771</b>	<b>1,031,716</b>

#### 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 terminal value is based on ActewAGL Distribution Partnership's Regulated Asset Base
- the market based post-tax nominal discount rate used is 4.44%.

The fair value assessment has taken into account the reduced economic activity resulting from COVID-19. Icon Water has determined that there has been no material impact on the fair value assessment.

A quantitative materiality threshold is applied when revaluing the investment in the ActewAGL Distribution Partnership to determine whether an adjustment is required. In addition, an assessment has been made as to whether qualitative factors, including economic and industry specific factors, including COVID-19, could impact the valuation.

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. The table below details what the market based post-tax nominal discount rate would have to move by, in order for a revaluation increment or decrement to be considered material, subject to qualitative considerations.

Movement in market based post-tax nominal discount rate	Possible revaluation increment / (decrement)
- 4.24%	Increment of \$100 million
+ 0.56%	Decrement of \$100 million

The valuation exercise for the year ending 30 June 2020 resulted in no adjustment being required (30 June 2019: no adjustment). This is due to the difference between the fair value and the carrying values being less than the quantitative materiality threshold. Also, the qualitative assessment did not indicate there was an adjustment required.

## 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 \$'000	Total \$'000
<b>At 1 July 2019</b>							
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
<b>Year ended 30 June 2020</b>							
Opening net book amount	1,509,350	945,815	23,679	32,522	5,361	603	2,517,330
Additions	44,918	49,737	-	121	1,869	-	96,645
Depreciation charge	(34,809)	(20,413)	(141)	(627)	(1,770)	-	(57,760)
Gifted assets	15,110	13,533	-	-	-	-	28,643
Retirements	-	(205)	-	-	(17)	-	(222)
Revaluation	-	-	(236)	-	-	-	(236)
Transfer to right-of-use asset <sup>1</sup>	-	-	-	-	-	(603)	(603)
Transfers <sup>2</sup>	(2,437)	(1,478)	1,302	(4)	54	-	(2,563)
Borrowing costs	689	4,795	-	(2)	-	-	5,482
<b>Closing net book amount</b>	<b>1,532,821</b>	<b>991,783</b>	<b>24,604</b>	<b>32,010</b>	<b>5,498</b>	<b>-</b>	<b>2,586,716</b>
<b>As at 30 June 2020</b>							
Cost or fair value	1,627,947	1,228,758	24,824	32,817	12,596	-	2,926,942
Accumulated depreciation	(95,126)	(236,975)	(220)	(807)	(7,098)	-	(340,226)
<b>Net book amount</b>	<b>1,532,821</b>	<b>991,783</b>	<b>24,604</b>	<b>32,010</b>	<b>5,498</b>	<b>-</b>	<b>2,586,716</b>

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

<sup>1</sup> Refer to note 8(e).<sup>2</sup> This includes transfers between property, plant and equipment categories and transferred to intangible assets.

## 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 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 is 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.

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:

	<u>Years</u>
Water network	
Dams	30 - 150
Reservoirs	50 - 100
Treatment plants	30 - 60
Mains	80
Other assets	10 - 80
Sewerage network	
Mains	80
Treatment plants	30 - 60
Sewer tunnels	120
Other assets	10 - 80
Buildings	60
Plant and equipment	5 - 15

**Critical Accounting Estimate***Fair value assessment of water and sewerage infrastructure assets*

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 2021 with reference to methodologies applied by the ICRC
- the market based post-tax nominal discount rate used is 4.44%.

The fair value assessment has taken into account the reduced economic activity resulting from COVID-19. Icon Water has determined that there has been no material impact on the fair value assessment.

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.

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

## d) Property, plant and equipment (continued)

## Critical Accounting Estimate (continued)

The discounted cash flow method is highly sensitive to variations in the market based nominal discount rate. The tables below detail what the market based post-tax nominal discount rate would have to move by, in order for a revaluation increment or decrement to be considered material, subject to qualitative considerations.

*Water infrastructure assets*

Movement in market based post-tax nominal discount rate	Possible revaluation increment / (decrement)
- 2.3%	Increment of \$165 million
+ 2.7%	Decrement of \$102 million

*Sewerage infrastructure assets*

Movement in market based post-tax nominal discount rate	Possible revaluation increment / (decrement)
- 2.6%	Increment of \$103 million
+ 2.2%	Decrement of \$70 million

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 2020 (30 June 2019: no adjustment required).

*Fair value assessment of land and buildings assets*

Icon Water's land and buildings are held at fair value.

When a valuation by an external independent valuer is not performed, Icon Water conduct a fair value assessment of the land and buildings which is determined by applying a market approach. The market approach has considered recent sales for similar properties and the reduced economic activity resulting from COVID-19. Icon Water has determined that there has not been a material impact on the fair value of the land and buildings.

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

## e) Leases

This note provides information for leases where Icon Water is a lessee.

i) Amounts recognised in the consolidated statement of financial position relating to leases:

	2020 \$'000	1 July 2019 \$'000
<b>Right-of-use assets</b>		
Building	3,400	4,170
Vehicles	1,604	2,148
Equipment	4,613	5,846
	<b>9,617</b>	12,164
<b>Lease liabilities</b>		
Current	2,860	3,231
Non-current	6,645	8,698
	<b>9,505</b>	11,929

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under the previous AASB 117 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's payables. For adjustments recognised on adoption of AASB 16 on 1 July 2019, please refer to the change in accounting policy below.

Additions to the right-of-use assets during the financial year were \$0.3 million.

ii) Amounts recognised in the consolidated statement of profit or loss relating to leases:

	2020 \$'000
<b>Depreciation charge of right-of-use assets</b>	
Buildings	770
Vehicles	755
Equipment	1,400
	<b>2,925</b>
Interest expense (included in finance cost)	435

Total cash outflow for leases in the financial year was \$3.4 million.



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

### e) Leases (continued)

#### Change in Accounting Policy

This note explains the impact of the adoption of AASB 16 *Leases* on Icon Water's financial statements.

The Group has adopted AASB 16 *Leases* retrospectively from 1 July 2019, but has not restated comparatives for the 2018-19 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 July 2019. The new accounting policies are disclosed below.

On adoption of AASB 16, Icon Water recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019 or the interest rate implicit in the contract. The weighted average interest rate applied to the leases on transition date, 1 July 2019, was 4.0%.

For leases previously classified as finance leases Icon Water recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets may include small items of office furniture.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

## e) Leases (continued)

## Change in Accounting Policy (continued)

*(i) Practical expedients applied*

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

*(ii) Measurement of lease liabilities*

	<b>2020</b>
	<b>\$'000</b>
Operating lease commitments disclosed as at 30 June 2019	12,715
Discounted using the interest rate at the date of initial application	11,560
Add: finance lease liabilities recognised as at 30 June 2019	369
<b>Lease liability recognised as at 1 July 2019</b>	<b>11,929</b>
Of which are:	
Current lease liabilities	3,231
Non-current lease liabilities	8,698

The asset or liability arising from these leases are initially measured on a present value basis, discounted using the interest rate implicit in the lease. The lease liabilities include the net present value of the fixed payments and the exercise price of a purchase option if Icon Water is reasonably certain to exercise that option.

*(iii) Lessor accounting*

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16. Refer to note 8(f).

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

### e) Leases (continued)

#### Accounting Policy

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by Icon Water. The right-of-use assets are recognised at cost.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets may comprise small items of equipment.

#### *Building lease*

Icon Water leases building space at 40 Bunda Street, Canberra City for a period of 15 years which expires on 8 December 2024. Previously this lease was classified as an operating lease under AASB 117. This lease contains a single lease component which has been used to calculate the right-of-use asset and corresponding liability.

The asset and liability arising from this lease is initially measured on a present value basis. The lease liability includes the net present value of the fixed payments. As there is no interest rate implicit in the lease, the lease payments are discounted using Icon Water's incremental borrowing rate, being the rate that Icon Water would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The building lease contains variable lease payment terms which are varied to reflect changes in market rental rates. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

There is no extension or termination option for the building lease.

#### *Equipment and vehicle leases*

Icon Water leases vehicles and equipment which are typically leased for fixed periods of 3 to 12 years. Previously, all but one lease were classified as an operating lease under AASB 117. The remaining lease was previously classified as a finance lease under AASB 117. These leases contain both lease and non-lease components. Icon Water has elected to not separate lease and non-lease components and instead accounts for these as a single lease component. This single lease component is used to calculate the right-of-use assets and corresponding liabilities.

Each lease is negotiated on an individual basis, however all equipment and vehicle leases contain similar terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. The leased assets may not be used as security for borrowing purposes.

There are no extension or termination options for the equipment and vehicle leases.

#### *Lease payments*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### *Depreciation of right-of-use assets*

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If Icon Water is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While Icon Water revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings.

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

## f) Investment property

	Total \$'000
Opening balance at 1 July 2019	12,000
<b>Closing balance at 30 June 2020</b>	<b>12,000</b>

**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, Icon Water updates the assessment of the fair value of each property, taking into account the most recent independent valuations.

Icon Water has determined that there has not been a material change to the fair value of the investment property at 30 June 2020.

*Lease income*

The Group leases out its investment property which is an owned commercial property to ActewAGL. The lease is classified as an operating lease as the lease does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The lease contains a non-cancellable period of 14 years which expires on 30 June 2023. There is no option to extend the lease in the current agreement.

Rental income recognised by Icon Water during the financial year was \$1.7 million. Icon Water did not receive any variable lease income that is not depended on an index or rate.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	\$'000
Less than one year	1,780
One to two years	1,825
Two to three years	1,871

**Critical Accounting Estimate***Fair value assessment*

Icon Water's investment property is held at fair value.

When a valuation by an external independent valuer is not performed, Icon Water conducts a fair value assessment of the investment property which is determined by applying a market approach. The market approach has considered recent sales for similar properties and the reduced economic activity resulting from COVID-19. Icon Water has determined that there has not been a material impact on the fair value of the investment property.

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

## g) Intangible assets

	Computer software \$'000	Carbon credits \$'000	Total \$'000
<b>At 1 July 2019</b>			
Cost or fair value	50,967	631	51,598
Accumulated amortisation and impairment	(6,884)	(190)	(7,074)
Net book amount	44,083	441	44,524
<b>Year ended 30 June 2020</b>			
Opening net book amount	44,083	441	44,524
Additions	6,767	507	7,274
Amortisation charge	(7,802)	-	(7,802)
Disposal/Surrender	-	(507)	(507)
Transfer from property, plant and equipment	2,563	-	2,563
Borrowing costs capitalised	302	-	302
Write back	-	7	7
<b>Closing net book amount</b>	<b>45,913</b>	<b>448</b>	<b>46,361</b>
<b>At 30 June 2020</b>			
Cost	60,599	631	61,230
Accumulated amortisation and impairment	(14,686)	(183)	(14,869)
<b>Net book amount</b>	<b>45,913</b>	<b>448</b>	<b>46,361</b>

**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 methods and useful lives*

The Group amortises software intangible assets with a limited useful life using the straight-line method over 5 - 9 years.

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

### h) 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.

For investment properties held at fair value, changes in fair value are recognised in the profit or loss as part of other income.

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

## i) Provisions

	2020			2019		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Employee entitlements	16,616	1,305	17,921	16,110	1,265	17,375
Employee entitlements – seconded employees	5,809	-	5,809	6,233	-	6,233
Provision for dividend	4,127	-	4,127	11,340	-	11,340
Provision for make good restoration	2,016	1,398	3,414	4,044	1,368	5,412
Other employee related provisions	1,068	923	1,991	765	1,064	1,829
Workers' compensation provisions	1,597	1,094	2,691	801	1,385	2,186
Carbon emissions	-	889	889	-	1,287	1,287
	<b>31,233</b>	<b>5,609</b>	<b>36,842</b>	<b>39,293</b>	<b>6,369</b>	<b>45,662</b>

## 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 <sup>1</sup> \$'000	Make good restoration \$'000	Carbon emissions \$'000	Total \$'000
Carrying amount at 1 July 2019	1,829	2,186	5,412	1,287	10,714
Additional provision recognised	739	768	129	110	1,746
Unused amounts reversed	(132)	-	(1,751)	-	(1,883)
Amounts used during the year	(445)	(263)	(405)	(508)	(1,621)
Unwinding of discount	-	-	29	-	29
<b>Carrying amount at 30 June 2020</b>	<b>1,991</b>	<b>2,691</b>	<b>3,414</b>	<b>889</b>	<b>8,985</b>

## 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.

<sup>1</sup> Includes pre-1989 workers' compensation provisions.

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

## i) 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.

## j) Deferred tax balances

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>The balance comprises temporary differences attributable to:</b>		
Depreciation	225,321	224,084
Asset revaluation	168,931	169,001
Share of deferred taxes from ActewAGL Partnerships	44,251	45,074
Employee entitlements	(5,971)	(6,022)
Joint venture receivable – employee entitlements	2,306	2,179
Adjustment to prior year tax	4,726	3,482
Other	(6,549)	(5,585)
<b>Net deferred tax liability</b>	<b>433,015</b>	432,213



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

## i) Deferred tax balances (continued)

	Depreciation \$'000	Asset revaluation \$'000	Share of deferred taxes from Act/AWL Partnerships \$'000	Employee entitlements \$'000	Joint Venture receivable – employee entitlements \$'000	Adjustments to prior year tax <sup>1</sup> \$'000	Other \$'000	Total \$'000
<b>Movements</b>								
<b>At 1 July 2018</b>	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
<b>At 30 June 2019</b>	224,084	169,001	45,074	(6,022)	2,179	3,482	(5,585)	432,213
<b>At 1 July 2019</b>	224,084	169,001	45,074	(6,022)	2,179	3,482	(5,585)	432,213
Charged/(credited):								
– profit or loss	1,237	(70)	553	51	127	1,244	(964)	2,178
– adjustments of income tax expense for prior periods (i)	-	-	(1,376)	-	-	-	-	(1,376)
<b>At 30 June 2020</b>	<b>225,321</b>	<b>168,931</b>	<b>44,251</b>	<b>(5,971)</b>	<b>2,306</b>	<b>4,726</b>	<b>(6,549)</b>	<b>433,015</b>

## 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 arise 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.

(i) Adjustments relate to impact of prior period adjustments which have been reflected in the current year.

<sup>1</sup>Adjustment relates to the prior year income tax reconciliation (unders/overs).

## 9. Equity

### a) Share capital

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Ordinary shares - fully paid	758,871	758,871
<b>Total share capital</b>	<b>758,871</b>	758,871

At 30 June 2020 Icon Water has 2 (2019: 2) fully paid ordinary shares with a par value of \$0.30.

#### *Movements in ordinary share capital*

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

The Group does not have authorised capital.

#### *Capital risk management*

The Group's and the parent entity's objectives when managing capital are 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.

<i>The gearing ratios at 30 June 2020 and 30 June 2019 were as follows:</i>	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Total debt (note 7f)	1,782,991	1,729,249
Total equity	1,501,203	1,472,189
	3,284,194	3,201,438
Gearing ratio	54.3%	54.0%

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

### b) Reserves

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Asset revaluation reserve	520,768	520,768
	<b>520,768</b>	520,768
<b>Movements in reserves:</b>		
<b>Asset revaluation</b>		
At the beginning of the financial year	520,768	511,263
Revaluation – net of tax		
Property, plant and equipment	-	9,505
	<b>520,768</b>	520,768

#### **Accounting Policy**

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.

## 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:

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Audit of the financial statements	292,926	288,030
	<b>292,926</b>	288,030

## 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	
			2020 %	2019 %
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 2020 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: 12 Hoskins Street  
Mitchell ACT 2911

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:

	2020 \$'000	2019 \$'000
<b>Share of partnership's commitments</b>		
Lease commitments	-	18,171
Capital and other commitments	7,108	7,373
	<b>7,108</b>	<b>25,544</b>

On adoption of AASB 16, right-of-use assets are now recognised in the joint ventures' statements of financial position and are not recognised as a lease commitment at 30 June 2020.

## 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 2020 (30 June 2019: 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 2020 (30 June 2019: \$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 2020 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 2020.

### 13. Parent entity financial information

#### a) Summary financial information

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

	2020 \$'000	2019 \$'000
<b>Statement of financial position</b>		
Current assets	171,313	213,303
Total assets	3,497,390	3,423,818
Current liabilities	91,478	432,931
Total liabilities	2,189,562	2,144,523
<b>Net assets</b>	<b>1,307,828</b>	1,279,295
Shareholders' equity		
Contributed equity	758,872	758,872
Reserves		
Asset revaluation	312,063	312,063
Retained earnings	236,893	208,360
<b>Total equity</b>	<b>1,307,828</b>	1,279,295
Profit for the year	79,811	86,588
Total comprehensive income	79,811	96,069

#### b) Guarantees entered into by the parent entity

The parent entity bank guarantees at 30 June 2020 are nil (30 June 2019: nil).

#### c) Contingent liabilities of the parent entity

The parent entity contingent liabilities at 30 June 2020 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 2020 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 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

### a) Capital and operating commitments

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Capital expenditure commitments (i)	81,621	57,321
Other expenditure commitments (ii)	98,922	132,051

- (i) Capital commitments include contractual commitments for capital expenditure of \$80.3 million at 30 June 2020 (30 June 2019: \$56.0 million) and amounts for purchase of carbon credits through a contract with CO2 at 30 June 2020 for \$1.3 million (30 June 2019: \$1.3 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.

### b) Finance lease

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
– Within one year	-	382
– Later than one year but not later than five years	-	-
<b>Minimum lease payments</b>	<b>-</b>	<b>382</b>

A finance lease has been entered into by Icon Water with Toyota Fleet Management on 19 February 2013 ending on 23 February 2023. This is for a specialised heavy vehicle used in operations.

From 1 July 2020 Icon Water has recognised right-of-use assets for this lease, see note 8(e) for further information.

### c) Non-cancellable operating leases

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Commitments in relation to operating leases contracted at balance date but not provided for in accounts payable:		
– Within one year	-	3,042
– Later than one year but not later than five years	-	8,776
– Later than five years	-	897
<b>Minimum lease payments</b>	<b>-</b>	<b>12,715</b>

Icon Water leases office space at 40 Bunda Street in Canberra which expires on 12 December 2024. Icon Water also leases equipment and motor vehicles under non-cancellable operating leases which expire between 3 to 12 years. The equipment and vehicle leases have similar terms and conditions. From 1 July 2019, Icon Water has recognised right-of-use assets for these leases, see note 8(e) for further information.

From 1 July 2020 Icon Water has recognised right-of-use assets for these leases, see note 8(e) for further information.

## 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

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
Short-term employee benefits	2,683	2,727
Post-employment benefits	210	216
Other long-term benefits	55	97
<b>Total benefits</b>	<b>2,948</b>	3,040

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)

2019-20	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	80,772	1,041	10,500	-	-	-	92,313	
Carol Lilley Non-Executive Deputy Chair	64,619	550	8,400	-	-	-	73,569	
Ray Hezkiel Managing Director	561,510	1,268	25,192	15,765	-	-	603,735	
Rachel Peck (Note (i)) Non-Executive Director	33,830	295	4,398	-	-	-	38,523	
Thomas Parry Non-Executive Director	40,353	-	5,246	-	-	-	45,599	
Abigail Goldberg (Note (ii)) Non-Executive Director	23,114	-	3,005	-	-	-	26,119	
Brett Tucker Non-Executive Director	40,353	550	5,246	-	-	-	46,149	
Dorfe Ekelund Non-Executive Director	40,353	-	5,246	-	-	-	45,599	
Helen Locher (Note (iii)) Non-Executive Director	6,523	-	848	-	-	-	7,371	
Peter Dennis (Note (iii)) Non-Executive Director	6,523	-	848	-	-	-	7,371	
Davina McCormick General Manager Customer Engagement	324,706	455	28,886	7,924	-	-	361,971	
Joy Yau Chief Financial Officer	325,152	750	25,385	8,211	-	-	359,498	
Alison Pratt General Counsel	288,962	550	25,192	8,277	-	-	322,981	
Murray Heke (Note (iv)) Chief Information Officer	271,061	277	20,145	-	-	-	291,483	
Gerard Brierley General Manager Infrastructure Services	319,708	771	25,192	8,090	-	-	353,761	
Other Senior Manager (Note (v))	248,999	155	16,635	6,381	-	-	272,170	
<b>Total as per the Annual Report</b>	<b>2,676,538</b>	<b>6,662</b>	<b>210,364</b>	<b>54,648</b>	<b>-</b>	<b>-</b>	<b>2,948,212</b>	

## 17. Key management personnel disclosures (continued)

### Note references 2019-20:

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 2019-20, there were 16 KMP for Icon Water, 10 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 one remaining KMP for the 2019-20 financial period is disclosed in Other Senior Manager.

- (i) Rachel Peck ceased holding office of director on 1 May 2020.
- (ii) Abigail Goldberg ceased holding office of director on 27 January 2020.
- (iii) Helen Locher and Peter Dennis commenced as directors on 2 May 2020.
- (iv) Murray Heke ceased employment as Chief Information Officer on 17 April 2020.
- (v) Other Senior Manager includes Jane Breaden, General Manager Business Services who ceased employment on 26 February 2020.
- (vi) The superannuation calculation in the KMP note is calculated in accordance with accrual accounting. Superannuation contributions are generally made in accordance with tax concession guidelines. From a cash perspective, only Davina McCormick contributes above the \$25,000 tax concession limit.

## 17. Key management personnel disclosures (continued)

2018-19	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	78,201	858	10,166	-	-	89,225
Carol Lilley Non-Executive Deputy Chair	62,562	541	8,133	-	-	71,236
Ray Hezkiel (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))	390,138	13,510	36,337	-	-	439,985
<b>Total as per the Annual Report</b>	<b>2,695,226</b>	<b>31,711</b>	<b>216,441</b>	<b>97,257</b>	<b>-</b>	<b>3,040,635</b>

## 17. Key management personnel disclosures (continued)

### Note references 2018-19:

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.

- (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) Murray Heke was reimbursed \$7,496 for relocation expenses. Gerard Brierley was reimbursed \$5,000 for relocation expenses.
- (viii) No additional KMP's became entitled to long service leave in 2018-19.
- (ix) The superannuation calculation in the KMP note is calculated in accordance with accrual accounting. Superannuation contributions are generally made in accordance with tax concession guidelines. From a cash perspective, only Davina McCormick contributes above the \$25,000 tax concession limit.

#### 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.

##### *Change in accounting policy for recognition of recreation leave entitlements*

In the prior financial year short-term employee benefits included only recreation leave taken during the financial year. In the 2019-20 financial year, short-term employee benefits include all recreation leave accrued for during the period.

##### *Change in accounting policy for recognition of long service leave entitlements*

In the prior financial year long-term employee benefits included long service leave which an employee became entitled to receive after reaching 7 years of service. In the 2019-20 financial year, long-term employee benefits include all long service leave accrued during the financial year after the KMP has reached one year 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  
 Rachel Peck, Director (term concluded 1 May 2020)  
 Dr Thomas Parry AM, Director  
 Abigail Goldberg, Director (resigned 27 January 2020)  
 Brett Tucker, Director  
 Dorte Ekelund, Director  
 Dr Helen Locher, Director (appointed 2 May 2020)  
 Peter Dennis (appointed 2 May 2020)

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 2019: 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:

	2020 \$	2019 \$
<b>Wholly owned controlled entities</b>		
Dividend revenue	38,073,090	61,791,112
Income tax equivalents expense to the ACT Government	37,046,510	40,603,918
<b>Aggregate amounts receivable from and payable to entities in the wholly-owned groups at balance date were as follows:</b>		
– Current receivables (tax funding agreement)	18,404,339	22,269,345
– Current receivables (other)	38,073,090	61,791,112
– Current payables and other	4,126,849	11,340,350
– Non-interest bearing loans	674,438,874	638,584,826

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

**18. Related party transactions (continued)****Ownership interests in related parties**

Interests held in the controlled entities are set out in note 11.

**Other related parties**

The following transactions occurred with the ActewAGL Joint Venture Partnerships:

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
<b>Purchase and sale of goods and services:</b>		
– Purchase of goods and services	41,941,245	45,638,623
– Sale of goods and services	15,887,984	15,843,019
<b>Aggregate amounts receivable from and payable to joint venture partnerships at balance date:</b>		
– Current receivables	8,083,598	6,924,449
– Current accounts payables and other	12,283,562	10,241,473
– Non-current receivables	-	26,291

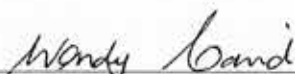
## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 68 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 2020 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 26 August 2020. 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  
26 August 2020



Ray Hezkiel  
Managing Director

Canberra  
26 August 2020



Carol Lilley  
Risk and Assurance Committee Chair

Canberra  
26 August 2020

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**Icon Distribution  
Investments Limited**

ABN 83 073 025 224

General Purpose

**ANNUAL  
REPORT**

For the year ended  
30 June 2020

# Icon Distribution Investments Limited

ABN 83 073 025 224

## Annual Report for the year ended 30 June 2020

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## Directors' Report

The directors present the financial report of Icon Distribution Investments Limited (Icon Distribution) for the year ended 30 June 2020.

### 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 2020 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), including as NSW Branch Secretary, and National Secretary.

#### 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 Board'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.

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

Ms Lilley is currently Chair of two ACT Government Directorate Audit Committees (Chief Minister, Treasury and Economic Development Directorate and Transport Canberra and City Services Directorate). She also has various governance roles for Commonwealth Government entities (including as a Member of the Audit Committee for Services Australia and Chair for the Department of Home Affairs amongst others).

Ms Lilley is a full time independent board director and Audit Committee Member. She was a Partner of PricewaterhouseCoopers and was a financial statement and internal auditor for nearly 20 years. Her experience is in governance and assurance including financial statement audit, internal 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, Director

BEng (Civil), DipPM, MBA, MIEAust, MAICD

In 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. Mr Hezkial is also Member of the Icon Water Remuneration Committee. Mr Hezkial was appointed as a Member of the ActewAGL Partnerships Board and the ActewAGL Retail Investments Board in April 2019.

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. 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). Mr Hezkial is a Member of the Institution of Engineers Australia and of the Australian Institute of Company Directors.

### Rachel Peck, Director

BEng (Civil) (Hons), MBA, FAICD

Term concluded 1 May 2020

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 was 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 a 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 was a Director of Powerco New Zealand 2010–2019. He has been the Head of the School of Economics, University of New South Wales and Dean, Faculty of Commerce, University of Wollongong.

Dr Parry is currently a Director of Powering Australian Renewables Fund.

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  
Resigned 27 January 2020

Abigail Goldberg was appointed to the Icon Water Board in July 2017. She was 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 28 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 a former 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, 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 Strategic Advisor – Office of CEO, SMEC; a Member of the Northern Territory Planning Commission; 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 land use and infrastructure planning across all levels of government and various jurisdictions. Of particular relevance to Icon

Water is her former role as 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, and 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.

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

## Directors (continued)

### Dr Helen Locher, Director

BSc (Earth Science), MEnvSc (Environmental Science), PhD (Civil Engineering), GAICD

Appointed 2 May 2020

Dr Helen Locher was appointed to the Icon Water Board in May 2020. 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. Dr Locher also sits on the Icon Water Board's Risk and Assurance Committee.

Dr Locher is currently a non-executive director of the Tasmanian Water and Sewerage Corporation (TasWater), and a tribunal member of the Resource Management and Planning Appeals Tribunal (Tasmania). She has had previous board roles with the Environmental Protection Agency (Tasmania) and the Resource Management and Planning Commission (Tasmania).

Dr Locher has 18 years of experience working in senior roles for Hydro Tasmania, more than 30 years doing international consulting work, and 13 years serving on boards. She has considerable

experience working with the water and energy industries, focused on environmental, social and sustainability challenges arising with major infrastructure development and operations across a variety of contexts. She has worked in more than 30 countries and on all continents, and as an independent consultant has delivered assignments for clients including the World Bank, International Finance Corporation, Asian Development Bank, Mekong River Commission and the International Hydropower Association. Dr Locher has received several international awards recognising her significant contributions to better addressing sustainability issues in the global hydropower sector.

Helen has a Bachelor of Science (Earth Science), a Masters of Environmental Science, a PhD in Civil Engineering, and is a Graduate of the Australian Institute of Company Directors.

### Peter Dennis, Director

BEng, M Environmental Studies, Dip Mgmt, FIE Aust, CPEng, NER, Int PE (Aus), MAICD

Appointed 2 May 2020

Peter Dennis was appointed to the Icon Water Board in May 2020. He 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.

Mr Dennis is currently the Managing Director of HunterH2O, a professional engineering services firm in the Australian water industry; a Director of the NSW Local Government Procurement Board; and a Director of the Australian Water Association.

Mr Dennis has over 30 years' water industry experience in Australia and overseas. Peter has been the Chief Executive Officer of Seqwater (Bulk Water Utility for South East Queensland); Chief Executive Officer of the Armidale Regional Council; as well as senior executive roles with Hunter Water Corporation. Peter has extensive experience in all aspects of water utility management including strategy development and execution, customer/community consultation, operational

leadership, regulator engagement, policy development, infrastructure delivery, ongoing asset management and workforce planning.

He has a strong interest in sustainable urban water management and in ensuring the water industry is resilient against the impact of climate variability. He has also been actively involved in supporting our Pacific neighbours to meet the challenges of sustainable water management.

Mr Dennis was included in the Top 100 most Influential Engineers in Australia (2014 and 2015) and awarded the Newcastle Division of Engineers Australia 'Professional Engineer of the Year (2009)'.

Peter has a Bachelor of Engineering in chemical engineering, Masters of Environmental Studies, a postgraduate Diploma of Management, a Corporate Directors Diploma with high distinction, and is a Conjoint Professor in Engineering at the University of Newcastle. He also lectured in Environmental Process Technologies for over 15 years.

## Company Secretary

### Jane Breaden

BBus, MSc, MMgsST, GCProfWrtg, GCPerfAudt  
Resigned 26 February 2020

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 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.

### 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. She is admitted to practice law in the Supreme Court of the ACT and is member of the Australian Institute of Company Directors.

## 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	5	5
Carol Lilley	5	5
Ray Hezkial	5	5
Rachel Peck	4	4
Dr Thomas Parry AM	4	5
Abigail Goldberg	2	2
Brett Tucker	5	5
Dorte Ekelund	5	5
Dr Helen Locher	1	1
Peter Dennis	1	1

## 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 \$24,880,138 (30 June 2019: \$43,650,485) has been declared by the directors to be paid, which is 100% of 30 June 2020 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

A likely development in the operations of Icon Distribution that was not finalised at the date of this report is the proposed formation of ActewAGL New Energy Pty Ltd. ActewAGL New Energy Pty Ltd will pursue new energy opportunities in the Canberra Region and other locations. ActewAGL New Energy Pty Ltd will be owned in equal shares by the partners of ActewAGL Distribution and the partners of ActewAGL Retail.

## 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 2019-20 financial year.

## Indemnity of officers and directors

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

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


## Auditor's independence declaration

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

### Rounding of amounts

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  
26 August 2020



Ray Hezard  
Director

Canberra  
26 August 2020



AUDITOR-GENERAL AN OFFICER  
OF THE ACT LEGISLATIVE ASSEMBLY 

## 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 (Company) for the year ended 30 June 2020 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 2020, and its financial performance and cash flows for the year then ended; and
- (ii) is presented in accordance with the *Corporations Act 2001* and complies 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 (including Independence Standards)* (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 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.

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**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  
27 August 2020





AUDITOR-GENERAL AN OFFICER  
OF THE ACT LEGISLATIVE ASSEMBLY 

**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 2020, 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'.

Michael Harris  
Auditor-General  
27 August 2020

## Statement of profit or loss and other comprehensive income

	Note	2020 \$'000	2019 \$'000
<b>Continuing operations</b>			
Share of net profit of the joint venture partnership accounted for using the equity method	2	38,407	62,009
Other expenses arising from ordinary activities		(16)	(15)
<b>Profit before income tax equivalents expense</b>		<b>38,391</b>	61,994
Income tax equivalents expense	3a	(13,511)	(18,344)
<b>Profit for the year</b>		<b>24,880</b>	43,650
<b>Profit is attributable to:</b>			
Owners of Icon Distribution Investments Limited		24,880	43,650
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>24,880</b>	43,650

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	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments accounted for using the equity method	5	999,873	991,467
<b>Total non-current assets</b>		<b>999,873</b>	991,467
<b>Total assets</b>		<b>999,873</b>	991,467
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	6	17	18
Dividends payable	4	24,880	43,650
<b>Total current liabilities</b>		<b>24,897</b>	43,668
<b>Non-current liabilities</b>			
Deferred tax balances	7	145,949	144,912
Intercompany loan	6	619,925	593,785
<b>Total non-current liabilities</b>		<b>765,874</b>	738,697
<b>Total liabilities</b>		<b>790,771</b>	782,365
<b>Net assets</b>		<b>209,102</b>	209,102
<b>Equity</b>			
Contributed equity	8a	400	400
Reserves attributable to the owners of Icon Distribution	8b	208,702	208,702
<b>Total equity</b>		<b>209,102</b>	209,102

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

## Statement of cash flows

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Distributions received from the ActewAGL Distribution Partnership		30,000	33,500
Payments to suppliers and employees (inclusive of goods and services tax)		(16)	(15)
<b>Net cash inflow from operating activities</b>		<b>29,984</b>	33,485
<b>Cash flows from financing activities</b>			
Income tax equivalents paid by Icon Water		(10,315)	(14,760)
Payments of dividends to Icon Water		(43,650)	(38,307)
<b>Net cash outflow from financing activities</b>		<b>(53,965)</b>	(53,067)
<b>Net decrease in cash and cash equivalents</b>		<b>(23,981)</b>	(19,582)
<b>Parent company intercompany Icon Water account movements</b>			
Balance at the beginning of the financial year		(593,785)	(574,203)
Adjustments of income tax expense for prior periods	7	(2,159)	-
Balance at the end of the financial year	6	(619,925)	(593,785)
<b>Total movement</b>		<b>(26,140)</b>	(19,582)

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 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
Balance at 1 July 2019		400	-	208,702	209,102
Profit for the year		-	24,880	-	24,880
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	(24,880)	-	(24,880)
<b>Balance at 30 June 2020</b>		<b>400</b>	<b>-</b>	<b>208,702</b>	<b>209,102</b>

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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

#### (v) Going concern

The financial report has been prepared on a going concern basis. At 30 June 2020, current liabilities exceed current assets by \$24.9 million. This deficiency in current assets is managed by an intercompany loan and 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.

## 1. Significant accounting policies (continued)

### (d) Impact of COVID-19 pandemic

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by the Federal and ACT governments to contain the virus have impacted economic activity. To respond to the reduced economic activity, the Federal and ACT Governments have provided stimulus packages which have reduced the impact on the ACT economy.

At 30 June 2020, the impact of COVID-19 on Icon Distribution's financial statements has been immaterial. The main area of Icon Distribution's financial statements that has been considered in this assessment is the fair value of the investment in the ActewAGL Distribution Partnership.

## 2. Income from continuing operations

	2020 \$'000	2019 \$'000
Share of net profit of the ActewAGL Distribution Partnership accounted for using the equity method	38,407	62,009
	<b>38,407</b>	62,009

### Accounting policy

Icon Distribution derives all of its income 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

	2020 \$'000	2019 \$'000
<b>Current tax</b>		
Current tax equivalents expense recognised in the current year	10,038	14,828
Adjustment to prior year (i)	277	(68)
	10,315	14,760
<b>Deferred tax</b>		
Deferred tax equivalents expense recognised in the current year	1,802	3,696
Adjustments to prior year (i)	1,394	(112)
	3,196	3,584
<b>Income tax equivalents expense</b>	<b>13,511</b>	18,344

- (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

	2020 \$'000	2019 \$'000
Profit from continuing operations before income tax expense	38,391	61,994
Tax at the Australian tax rate of 30% (2018-19: 30%)	11,517	18,598
Other Items:		
- Non-deductible expenses	241	57
- Non-assessable income	-	(137)
- Share of JV profits and partner share of profits	82	6
- Adjustments for income tax expense of prior periods	1,671	(180)
<b>Income tax equivalents expense</b>	<b>13,511</b>	<b>18,344</b>

**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

	2020 \$'000	2019 \$'000
Dividend payable at the beginning of the financial year	43,650	38,307
Amount appropriated from operating profit	24,880	43,650
Amount paid during the year	68,530 (43,650)	81,957 (38,307)
<b>Dividend payable at the end of the financial year</b>	<b>24,880</b>	43,650

## 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

	2020 \$'000	2019 \$'000
<b>Non-current assets</b>		
Investment in the ActewAGL Distribution Partnership	999,873	991,467
	<b>999,873</b>	991,467

## 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 income in the statement of profit or loss and other 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.

## 5. Investments accounted for using the equity method (continued)

### 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 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 fair value assessment has taken into account the reduced economic activity resulting from COVID-19. Icon Distribution has determined that there has been no material impact on the fair value assessment.

The discounted cash flow method is highly sensitive to variations in the market based nominal discount rate, as a result a quantitative materiality threshold is applied when revaluing the investment in ActewAGL Distribution Partnership. The table below details what the market based post-tax nominal discount rate would have to move by, in order for a revaluation increment or decrement to be considered material, subject to qualitative considerations.

Movement in market based post-tax nominal discount rate	Possible revaluation increment / (decrement)
- 4.24%	Increment of \$100 million
+ 0.56%	Decrement of \$100 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. In addition, an assessment has been made as to whether qualitative factors, including economic and industry specific factors could impact the valuation.

Icon Distribution makes an assessment of materiality based on the carrying value of the investment in the ActewAGL Distribution Partnership. In addition to assessing quantitative movements in the value of the investment, Icon Distribution 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 valuation exercise for the year ending 30 June 2020 resulted in no adjustment being required (30 June 2019: no adjustment). This is due to the difference between the fair value and the carrying values being less than the quantitative materiality threshold. Also, the qualitative assessment did not indicate that an adjustment was required.

## 6. Trade and other payables

	2020			2019		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Trade payables	17	-	17	18	-	18
Intercompany loan	-	619,925	619,925	-	593,785	593,785
	<b>17</b>	<b>619,925</b>	<b>619,942</b>	18	593,785	593,803

## 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

	2020 \$'000	2019 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
- Share of deferred tax from ActewAGL Distribution Partnership	56,507	55,470
- Asset revaluation	89,444	89,444
- Other	(2)	(2)
	<b>145,949</b>	144,912
<b>Movements:</b>		
Balance at the beginning of the year	144,912	141,327
Charged:		
- to profit or loss	3,196	3,585
- adjustments of income tax expense for prior periods (i)	(2,159)	-
<b>Balance at the end of the year</b>	<b>145,949</b>	144,912

## 7. Deferred tax balances (continued)

	Share of deferred tax from ActewAGL Distribution Partnership \$'000	Asset revaluation \$'000	Other \$'000	Total \$'000
At 1 July 2018	51,885	89,444	(2)	141,327
Charged / (Credited):				
- to profit or loss	3,585	-	-	3,585
At 30 June 2019	55,470	89,444	(2)	144,912
<b>At 1 July 2019</b>	55,470	89,444	(2)	144,912
Charged / (Credited):				
- to profit or loss	3,196	-	-	3,196
- adjustments of income tax expense for prior periods (i)	(2,159)	-	-	(2,159)
<b>At 30 June 2020</b>	<b>56,507</b>	<b>89,444</b>	<b>(2)</b>	<b>145,949</b>

(i) Adjustments relate to impact of prior period adjustments which have been reflected in the current year.

## 8. Equity

## (a) Contributed equity

	2020 \$'000	2019 \$'000
Ordinary shares - fully paid	400	400
<b>Total contributed equity</b>	<b>400</b>	<b>400</b>

At 30 June 2020 Icon Distribution has 400,000 (2019: 400,000) fully paid ordinary shares with a par value of \$1.00.

*Movements in ordinary share capital:*

There has been no movement in share capital.

Icon Distribution does not have authorised capital.

## (b) Reserves

	2020 \$'000	2019 \$'000
Asset revaluation reserve	208,702	208,702
	<b>208,702</b>	<b>208,702</b>

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:

	2020 \$	2019 \$
Audit of the financial statements	17,116	16,830
	<b>17,116</b>	16,830

## 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:

	2020 \$'000	2019 \$'000
Lease commitments	-	18,033
Capital and other commitments	7,108	7,372
	<b>7,108</b>	25,405

On adoption of AASB 16, right-of-use assets are now recognised in ActewAGL Distribution's statement of financial position and are not recognised as a lease commitment at 30 June 2020.

Each of the partners in the ActewAGL Distribution Partnership is jointly and severally liable for the debts of the Partnership. The assets of the ActewAGL Distribution Partnership exceeded its debts at 30 June 2020.

### (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 2019: \$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 2020 (30 June 2019: nil).

## 11. Contingencies

No contingent liabilities are known to the directors at the date of this report (30 June 2019: nil).

## 12. Commitments for expenditure

At 30 June 2020, Icon Distribution had not committed to any future capital expenditure (30 June 2019: 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  
Rachel Peck, Director (term concluded 1 May 2020)  
Dr Thomas Parry, Director  
Abigail Goldberg, Director (resigned 27 January 2020)  
Brett Tucker, Director  
Dorte Ekelund, Director  
Dr Helen Locher, Director (appointed 2 May 2020)  
Peter Dennis, Director (appointed 2 May 2020)

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 2020 (30 June 2019: nil).
- (ii) *Retirement benefits*  
There were no retirement benefits paid to directors at 30 June 2020 (30 June 2019: nil).
- (iii) *Loans to directors*  
There were no loans to any directors at 30 June 2020 (30 June 2019: 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  
Rachel Peck, Director (term concluded 1 May 2020)  
Dr Thomas Parry, Director  
Abigail Goldberg, Director (resigned 27 January 2020)  
Brett Tucker, Director  
Dorte Ekelund, Director  
Dr Helen Locher, Director (appointed 2 May 2020)  
Peter Dennis, Director (appointed 2 May 2020)

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 transactions occurred with related parties:

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Income from the ActewAGL Distribution Partnership	38,406,710	62,008,906
<b>The following balances are outstanding at the reported date in relation to transactions with related parties:</b>		
- Dividend payable to Icon Water	24,880,138	43,650,485
- Intercompany loan liability – Icon Water	619,925,444	593,785,138

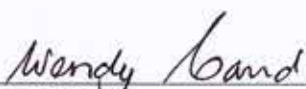


## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 12 to 26, are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2020 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 26 August 2020. The directors have the power to amend and reissue the financial statements.



Wendy Caird  
Chair

Canberra  
26 August 2020



Ray Hezkial  
Director

Canberra  
26 August 2020

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**Icon Retail Investments  
Limited**

ABN 23 074 371 207

General Purpose

**ANNUAL REPORT**

For the year ended  
30 June 2020

# Icon Retail Investments Limited

ABN 23 074 371 207

## Annual Report for the year ended 30 June 2020

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## Directors' Report

The directors present the financial report of Icon Retail Investments Limited (Icon Retail) for the year ended 30 June 2020.

### 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 2020 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), including as NSW Branch Secretary and National Secretary.

#### 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 Board'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 is a full time independent board director and Audit Committee Member. She was a Partner of PricewaterhouseCoopers and was a financial statement and internal auditor for nearly 20 years. Her experience is in governance and assurance including financial statement audit, internal audit

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

Ms Lilley is currently Chair of two ACT Government Directorate Audit Committees (Chief Minister, Treasury and Economic Development Directorate and Transport Canberra and City Services Directorate). She also has various governance roles for Commonwealth Government entities (including as a Member of the Audit Committee for Services Australia and Chair for the Department of Home Affairs amongst others).

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

BEng (Civil), DipPM, MBA, MIEAust, MAICD

In 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. Mr Hezkial is also Member of the Icon Water Remuneration Committee. Mr Hezkial was appointed as a Member of the ActewAGL Partnerships Board and the ActewAGL Retail Investments Board in April 2019.

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. 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). Mr Hezkial is a Member of the Institution of Engineers Australia and of the Australian Institute of Company Directors.

### Rachel Peck, Director

BEng (Civil) (Hons), MBA, FAICD

Term concluded 1 May 2020

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 was 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 a 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), MEC, 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 was a Director of Powerco New Zealand 2010–2019. He has been the Head of the School of Economics, University of New South Wales and Dean, Faculty of Commerce, University of Wollongong.

Dr Parry is currently a Director of Powering Australian Renewables Fund.

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  
Resigned 27 January 2020

Abigail Goldberg was appointed to the Icon Water Board in July 2017. She was 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 28 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 a former 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, 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 Strategic Advisor – Office of CEO, SMEC; a Member of the Northern Territory Planning Commission; 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 land use and infrastructure planning across all levels of government and various

jurisdictions. Of particular relevance to Icon Water is her former role as 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, and 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.

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



## Directors (continued)

### Dr Helen Locher, Director

BSc (Earth Science), MEnvSc (Environmental Science), PhD (Civil Engineering), GAICD  
Appointed 2 May 2020

Dr Helen Locher was appointed to the Icon Water Board in May 2020. 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. Dr Locher also sits on the Risk and Assurance Committee.

Dr Locher is currently a non-executive director of the Tasmanian Water and Sewerage Corporation (TasWater), and a tribunal member of the Resource Management and Planning Appeals Tribunal (Tasmania). She has had previous board roles with the Environmental Protection Agency (Tasmania) and the Resource Management and Planning Commission (Tasmania).

Dr Locher has 18 years of experience working in senior roles for Hydro Tasmania, more than 30 years doing international consulting work, and 13 years serving on boards. She has considerable

experience working with the water and energy industries, focused on environmental, social and sustainability challenges arising with major infrastructure development and operations across a variety of contexts. She has worked in more than 30 countries and on all continents, and as an independent consultant has delivered assignments for clients including the World Bank, International Finance Corporation, Asian Development Bank, Mekong River Commission and the International Hydropower Association. Dr Locher has received several international awards recognising her significant contributions to better addressing sustainability issues in the global hydropower sector.

Helen has a Bachelor of Science (Earth Science), a Masters of Environmental Science, a PhD in Civil Engineering, and is a Graduate of the Australian Institute of Company Directors.

### Peter Dennis, Director

BEng, M Environmental Studies, Dip Mgmt, FIE Aust, CPEng, NER, Int PE (Aus), MAICD  
Appointed 2 May 2020

Peter Dennis was appointed to the Icon Water Board in May 2020. He 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.

Mr Dennis is currently the Managing Director of HunterH2O, a professional engineering services firm in the Australian water industry; a Director of the NSW Local Government Procurement Board; and a Director of the Australian Water Association.

Mr Dennis has over 30 years' water industry experience in Australia and overseas. Peter has been the Chief Executive Officer of Seqwater (Bulk Water Utility for South East Queensland); Chief Executive Officer of the Armidale Regional Council; as well as senior executive roles with Hunter Water Corporation. Peter has extensive experience in all aspects of water utility management including strategy development and execution, customer/community consultation, operational leadership, regulator

engagement, policy development, infrastructure delivery, ongoing asset management and workforce planning.

He has a strong interest in sustainable urban water management and in ensuring the water industry is resilient against the impact of climate variability. He has also been actively involved in supporting our Pacific neighbours to meet the challenges of sustainable water management.

Mr Dennis was included in the Top 100 most Influential Engineers in Australia (2014 and 2015) and awarded the Newcastle Division of Engineers Australia 'Professional Engineer of the Year (2009)'.

Peter has a Bachelor of Engineering in chemical engineering, Masters of Environmental Studies, a postgraduate Diploma of Management, a Corporate Directors Diploma with high distinction, and is a Conjoint Professor in Engineering at the University of Newcastle. He also lectured in Environmental Process Technologies for over 15 years.

## Company Secretary

### Jane Breaden

BBus, MSc, MMgsST, GCProfWrtg, GCPerfAudt  
 Resigned 26 February 2020

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 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.

### 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. She is admitted to practice law in the Supreme Court of the ACT and is member of the Australian Institute of Company Directors.

## 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	5	5
Carol Lilley	5	5
Ray Hezkial	5	5
Rachel Peck	4	4
Dr Thomas Parry AM	4	5
Abigail Goldberg	2	2
Brett Tucker	5	5
Dorte Ekelund	5	5
Dr Helen Locher	1	1
Peter Dennis	1	1

## 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 \$13,192,953 (2019 \$18,140,627) has been declared by the directors to be paid, which is 100% of 30 June 2020 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

A likely development in the operations of the Icon Retail that was not finalised at the date of this report is the proposed formation of ActewAGL New Energy Pty Ltd. ActewAGL New Energy Pty Ltd will pursue new energy opportunities in the Canberra Region and other locations. ActewAGL New Energy Pty Ltd will be owned in equal shares by the partners of ActewAGL Distribution and the partners of ActewAGL Retail.

## 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 2019-20 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 11.

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### 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  
26 August 2020

  
\_\_\_\_\_  
Ray Hezkiel  
Director

Canberra  
26 August 2020



AUDITOR-GENERAL AN OFFICER  
OF THE ACT LEGISLATIVE ASSEMBLY 

## 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 (Company) for the year ended 30 June 2020 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 2020, and its financial performance and cash flows for the year then ended; and
- (ii) is presented in accordance with the *Corporations Act 2001* and complies 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 (including Independence Standards)* (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 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  
27 August 2020



**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 2020, 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'.

Michael Harris  
Auditor-General  
27 August 2020

## Statement of profit or loss and other comprehensive income

	Note	2020 \$'000	2019 \$'000
<b>Continuing operations</b>			
Share of net profit of the joint venture partnership accounted for using the equity method	2	18,849	25,845
Other income from ActewAGL Retail Partnership	2	69	69
Other expenses arising from ordinary activities		(16)	(15)
<b>Profit before income tax equivalents expense</b>		<b>18,902</b>	25,899
Income tax equivalents expense	3a	(5,709)	(7,758)
<b>Profit for the year</b>		<b>13,193</b>	18,141
<b>Profit is attributable to:</b>			
Owners of Icon Retail Investments Limited		13,193	18,141
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>13,193</b>	18,141

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	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Receivables	5a	6,737	6,737
Investments accounted for using the equity method	6	57,913	54,745
Deferred tax balances	7	4,072	2,475
<b>Total non-current assets</b>		<b>68,722</b>	63,957
<b>Total assets</b>		<b>68,722</b>	63,957
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	5b	16	16
Dividends payable	4	13,193	18,141
<b>Total current liabilities</b>		<b>13,209</b>	18,157
<b>Non-current liabilities</b>			
Intercompany loan	5b	54,513	44,800
<b>Total non-current liabilities</b>		<b>54,513</b>	44,800
<b>Total liabilities</b>		<b>67,722</b>	62,957
<b>Net assets</b>		<b>1,000</b>	1,000
<b>Equity</b>			
Contributed equity	8	1,000	1,000
<b>Total equity</b>		<b>1,000</b>	1,000

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

## Statement of cash flows

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Distributions received from the ActewAGL Retail Partnership		15,750	25,500
Payments to suppliers and employees (inclusive of goods and services tax)		(16)	(15)
<b>Net cash inflow from operating activities</b>		<b>15,734</b>	25,485
<b>Cash flows from financing activities</b>			
Income tax equivalents paid by Icon Water		(8,089)	(7,479)
Payments of dividends to Icon Water	4	(18,141)	(26,653)
<b>Net cash outflow from financing activities</b>		<b>(26,230)</b>	(34,132)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(10,496)</b>	(8,647)
<b>Parent company intercompany Icon Water account movements</b>			
Balance at the beginning of the financial year		(44,800)	(36,153)
Adjustments of income tax expense for prior periods	7	783	-
Balance at the end of the financial year	5b	(54,513)	(44,800)
<b>Total movement</b>		<b>(9,713)</b>	(8,647)

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 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
Balance at 1 July 2019		1,000	-	1,000
Profit for the year		-	13,193	13,193
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	4	-	(13,193)	(13,193)
<b>Balance at 30 June 2020</b>		<b>1,000</b>	<b>-</b>	<b>1,000</b>

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

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## 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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

#### (v) Going concern

The financial report has been prepared on a going concern basis. At 30 June 2020, current liabilities exceed current assets by \$13.2 million. This deficiency in current assets is managed by an intercompany loan and 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.

## 1. Significant accounting policies (continued)

### d) Impact of COVID-19 pandemic

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by the Federal and ACT governments to contain the virus have impacted economic activity. To respond to the reduced economic activity, the Federal and ACT Governments have provided stimulus packages which have reduced the impact on the ACT economy.

At 30 June 2020, the impact of COVID-19 on Icon Retail's financial statements has been immaterial. The main area of Icon Retail's financial statements that has been considered in this assessment is the fair value of the investment in the ActewAGL Retail Partnership.

## 2. Income from continuing operations

	2020 \$'000	2019 \$'000
Share of net profit of the ActewAGL Retail Partnership accounted for using the equity method	18,849	25,845
Other income from the ActewAGL Retail Partnership	69	69
	<b>18,918</b>	25,914

#### Accounting policy

Icon Retail derives all of its income 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

	2020 \$'000	2019 \$'000
<b>Current tax</b>		
Current tax equivalents expense recognised in the current year	6,915	7,284
Adjustment to prior year (i)	1,174	195
	8,089	7,479
<b>Deferred tax</b>		
Deferred tax equivalents expense recognised in the current year	(1,248)	450
Adjustments to prior year (i)	(1,132)	(171)
	(2,380)	279
<b>Income tax equivalents expense</b>	<b>5,709</b>	7,758

- (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

	2020 \$'000	2019 \$'000
Profit from continuing operations before income tax expense	18,902	25,899
Tax at the Australian tax rate of 30% (2018-19 30%)	5,671	7,770
Other Items:		
- Non-deductible expenses	12	2
- Share of ActewAGL Retail profits and partner share of profits	(16)	(38)
- Adjustments for income tax expense of prior periods	42	24
<b>Income tax equivalents expense</b>	<b>5,709</b>	<b>7,758</b>

**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

	2020 \$'000	2019 \$'000
Dividend payable at the beginning of the financial year	18,141	26,653
Amount appropriated from operating profit	13,193	18,141
	31,334	44,794
Amount paid during the year	(18,141)	(26,653)
<b>Dividend payable at the end of the financial year</b>	<b>13,193</b>	18,141

## 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

	2020 \$'000	2019 \$'000
<b>Non-current assets</b>		
Receivables from Icon Water for tax losses	6,737	6,737
	<b>6,737</b>	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

	2020			2019		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Trade payables	17	-	17	16	-	16
Intercompany loan	-	54,513	54,513	-	44,800	44,800
	<b>17</b>	<b>54,513</b>	<b>54,530</b>	16	44,800	44,816

## 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

	2020 \$'000	2019 \$'000
<b>Non-current assets</b>		
Investments in the ActewAGL Retail Partnership and ActewAGL Retail Investments Pty Ltd	57,913	54,745
	<b>57,913</b>	54,745

**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 income in the statement of profit or loss and comprehensive income, and the share of movement in reserves is recognised in reserves in the statement of financial position.

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 2019-20.

## 7. Deferred tax balances

	2020 \$'000	2019 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
- Share of deferred tax from ActewAGL Retail Partnership	4,070	2,475
- Accrual	3	3
- Other	(1)	(3)
	<b>4,072</b>	2,475
<b>Movements:</b>		
Balance at the beginning of the year	2,475	2,754
Charged / (Credited):		
- to profit or loss	2,380	(279)
- adjustments of income tax expense for prior periods (i)	(783)	-
<b>Balance at the end of the year</b>	<b>4,072</b>	2,475

## 7. Deferred tax balances (continued)

	Share of deferred tax from ActewAGL Retail Partnership	Accrual	Other	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2018	2,754	3	(3)	2,754
Charged / (Credited):				
- profit or loss	(279)	-	-	(279)
At 30 June 2019	2,475	3	(3)	2,475
At 1 July 2019	2,475	3	(3)	2,475
Charged / (Credited):				
- to profit or loss	2,378	-	2	2,380
- adjustments of income tax expense for prior periods (i)	(783)	-	-	(783)
<b>At 30 June 2020</b>	<b>4,070</b>	<b>3</b>	<b>(1)</b>	<b>4,072</b>

(i) Adjustments relate to impact of prior period adjustments which have been reflected in the current year.

## 8. Contributed equity

	2020 \$'000	2019 \$'000
Ordinary shares - fully paid	1,000	1,000
<b>Total contributed equity</b>	<b>1,000</b>	1,000

At 30 June 2020 Icon Retail has 1,005 (2019: 1,005) fully paid ordinary shares with a par value of \$1.00.

*Movements in ordinary share capital:*

There has been no movement in share capital.

Icon Retail does not have authorised 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:

	2020 \$	2019 \$
Audit of the financial statements	17,116	16,830
	<b>17,116</b>	16,830

## 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 ActewAGL Retail Partnership commitments:

	2020 \$'000	2019 \$'000
Lease commitments	-	4,075
	-	4,075

On adoption of AASB 16, right-of-use assets are now recognised in ActewAGL Retail's statement of financial position and are not recognised as a lease commitment at 30 June 2020.

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 2020.

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 2020 (30 June 2019: nil).

## 11. Contingencies

No contingent liabilities are known to the directors at the date of this report (30 June 2019: nil).

## 12. Commitments for expenditure

At 30 June 2020, Icon Retail had not committed to any future capital expenditure (30 June 2019: 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  
Rachel Peck, Director (term concluded 1 May 2020)  
Dr Thomas Parry AM, Director  
Abigail Goldberg, Director (resigned 27 January 2020)  
Brett Tucker, Director  
Dorte Ekelund, Director  
Dr Helen Locher, Director (appointed 2 May 2020)  
Peter Dennis, Director (appointed 2 May 2020)

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 2020 (30 June 2019: nil).

(ii) *Retirement benefits*

There were no retirement benefits paid to directors at 30 June 2020 (30 June 2019: nil).

(iii) *Loans to directors*

There were no loans to any directors at 30 June 2020 (30 June 2019: 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  
Rachel Peck, Director (term concluded 1 May 2020)  
Dr Thomas Parry AM, Director  
Abigail Goldberg, Director (resigned 27 January 2020)  
Brett Tucker, Director  
Dorte Ekelund, Director  
Dr Helen Locher, Director (appointed 2 May 2020)  
Peter Dennis, Director (appointed 2 May 2020)

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 transactions occurred with related parties:

	2020 \$	2019 \$
Income from the ActewAGL Retail Partnership	18,917,676	25,913,741
<b>The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:</b>		
- Receivables from Icon Water	6,736,996	6,736,996
- Dividend payable to Icon Water	13,192,953	18,140,627
- Intercompany loan liability – Icon Water	54,513,431	44,799,689

## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 12 to 25, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Icon Retail's financial position as at 30 June 2020 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 26 August 2020. The directors have the power to amend and reissue the financial statements.

  
\_\_\_\_\_  
Wendy Caird  
Chair

Canberra  
26 August 2020

  
\_\_\_\_\_  
Ray Hezkial  
Director

Canberra  
26 August 2020

**ActewAGL Joint Venture**

**Summary financial report  
for the year ended 30 June 2020**

**ActewAGL Joint Venture**  
**Summary financial report**  
For the year ended 30 June 2020

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**ActewAGL Joint Venture**  
**Introduction to the summary financial report**  
For the year ended 30 June 2020

---

**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 2020.

**Profit**

Profit for the year ended 30 June 2020 was \$115 million, compared to the prior year's profit of \$176 million.

Total revenue for the year ended 30 June 2020 was \$905 million compared to \$915 million in the prior year. The decrease is primarily due to the decreased sale and distribution of energy attributable to lower energy consumption.

Total other income for the year ended 30 June 2020 was \$25 million compared to \$43 million in the prior year. The decrease is primarily due to gifted asset revenue recognised in our energy networks business Evoenergy in the prior year.

The total cost of providing goods and services for the year ended 30 June 2020 was \$737 million compared to \$711 million in the prior year. The increase is primarily due to the increase in feed in tariff (FIT) payments required to be made by Evoenergy to large scale renewable energy generators due to the reduction in the average wholesale spot price for electricity, partially offset by the decrease in cost of energy purchases due to lower energy consumption.

**Cash flow**

The Joint Venture generated \$202 million from its operating activities for the year ended 30 June 2020 compared to \$265 million in the prior year.

Net cash outflows used in investing activities were \$105 million for the current year, compared to \$100 million for the prior year.

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, \$92 million was distributed to ActewAGL's Partners, \$26 million lower than the \$118 million in the prior year primarily due to the decrease in profit.

**Financial position**

At 30 June 2020, the Joint Venture had net assets of \$1,517 million compared to \$1,494 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 2020 was \$84 million, \$1 million lower than the prior year. Current assets were \$298 million compared to \$309 million in the prior year. Current liabilities were \$231 million compared to \$221 million at the same time last year. The Joint Venture does not have any borrowings other than leases.

The carrying value of property, plant and equipment is \$1,361 million, compared to \$1,323 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 8% compared to 12% 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 2020

	2020 \$'000	2019 \$'000
<b>Continuing operations</b>		
Revenue	904,978	915,119
Other income	24,952	43,474
Cost of providing goods and services	(737,275)	(711,053)
Share of profits/(losses) of joint ventures	311	(361)
Profit before net financing costs, depreciation and amortisation	192,966	247,179
Depreciation and amortisation	(77,815)	(73,136)
<b>Profit before net financing costs</b>	<b>115,151</b>	<b>174,043</b>
Finance income	1,874	2,057
Finance costs	(1,775)	(532)
<b>Net financing costs</b>	<b>99</b>	<b>1,525</b>
Profit before tax	115,250	175,568
Income tax expense	(505)	-
<b>Profit for the year</b>	<b>114,745</b>	<b>175,568</b>
<b>Profit for the year is attributable to:</b>		
<b>Partners of the ActewAGL Joint Venture</b>	<b>114,745</b>	<b>175,568</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>114,745</b>	<b>175,568</b>
<b>Total comprehensive income for the year is attributable to:</b>		
<b>Partners of the ActewAGL Joint Venture</b>	<b>114,745</b>	<b>175,568</b>

**ActewAGL Joint Venture**  
**Statement of financial position**  
As at 30 June 2020

	2020 \$'000	2019 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	83,764	85,294
Trade and other receivables	77,596	83,102
Contract assets	117,108	119,689
Inventories	9,721	11,706
Other current assets	9,722	9,183
<b>Total current assets</b>	<b>297,911</b>	<b>308,974</b>
<b>Non-current assets</b>		
Investments in joint ventures	1,668	1,357
Receivables	3,493	1,605
Property, plant and equipment	1,360,835	1,322,708
Right-of-use assets	30,521	-
Intangible assets	89,003	102,929
<b>Total non-current assets</b>	<b>1,485,520</b>	<b>1,428,599</b>
<b>Total assets</b>	<b>1,783,431</b>	<b>1,737,573</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	70,885	59,610
Contract liabilities	125,240	132,471
Provisions	26,143	25,598
Other liabilities including leases	8,799	3,738
<b>Total current liabilities</b>	<b>231,067</b>	<b>221,417</b>
<b>Non-current liabilities</b>		
Contract liabilities	1,005	4,344
Provisions	6,147	6,422
Other liabilities including leases	28,134	11,557
<b>Total non-current liabilities</b>	<b>35,286</b>	<b>22,323</b>
<b>Total liabilities</b>	<b>266,353</b>	<b>243,740</b>
<b>Net assets</b>	<b>1,517,078</b>	<b>1,493,833</b>
<b>Joint Venture Funds</b>		
Joint Venture funds	1,517,078	1,493,833
<b>Total Joint Venture funds</b>	<b>1,517,078</b>	<b>1,493,833</b>

ActewAGL Joint Venture  
**Statement of changes in Joint Venture funds**  
 For the year ended 30 June 2020

	Total Joint Venture funds \$'000
<b>Balance at 1 July 2019</b>	<b>1,493,833</b>
Profit for the year	114,745
Other comprehensive income for the year	-
<b>Total comprehensive income for the year</b>	<b>114,745</b>
<b>Transactions with Partners in their capacity as Partners:</b>	
Distributions paid	(91,500)
<b>Balance at 30 June 2020</b>	<b>1,517,078</b>

	Total Joint Venture funds \$'000
<b>Balance at 1 July 2018</b>	<b>1,439,487</b>
Change in accounting policy on initial application of AASB 15 <sup>1</sup>	(3,222)
<b>Restated Joint Venture funds at 1 July 2018</b>	<b>1,436,265</b>
Profit for the year	175,568
Other comprehensive income for the year	-
<b>Total comprehensive income for the year</b>	<b>175,568</b>
<b>Transactions with Partners in their capacity as Partners:</b>	
Distributions paid	(118,000)
<b>Balance at 30 June 2019</b>	<b>1,493,833</b>

<sup>1</sup> Relates to the increase in unearned revenue for capital contributions recognised in retained earnings at 1 July 2018 upon the initial application of AASB 15 *Revenue from Contracts with Customers*.

**ActewAGL Joint Venture**  
**Statement of cash flows**  
For the year ended 30 June 2020

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	<b>1,002,163</b>	1,085,358
Payments to suppliers and employees (inclusive of GST)	<b>(800,470)</b>	(821,985)
Finance income received	<b>1,788</b>	2,065
Finance costs paid	<b>(1,588)</b>	(383)
<b>Net cash inflow from operating activities</b>	<b>201,893</b>	265,055
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<b>(95,253)</b>	(87,809)
Payments for intangible assets	<b>(10,189)</b>	(12,836)
Proceeds from sale of property, plant and equipment	<b>687</b>	742
Distributions received from joint ventures	-	100
Payments for investments in joint ventures	-	(157)
<b>Net cash (outflow) from investing activities</b>	<b>(104,755)</b>	(99,960)
<b>Cash flows from financing activities</b>		
Distributions paid to Partners	<b>(91,500)</b>	(118,000)
Principal elements of lease (2019 – finance lease) payments	<b>(7,168)</b>	(2,653)
<b>Net cash (outflow) from financing activities</b>	<b>(98,668)</b>	(120,653)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,530)</b>	44,442
Cash and cash equivalents at the beginning of the year	<b>85,294</b>	40,852
<b>Cash and cash equivalents at the end of the year</b>	<b>83,764</b>	85,294

**ActewAGL Joint Venture  
Joint Venture Board's declaration**  
For the year ended 30 June 2020

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

In the Board 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 2020 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

Sydney, 26 August 2020

Hezkial,  
Ray



Ray Hezkial  
Board Member

Canberra, 26 August 2020

## 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 (Joint Venture) for the year ended 30 June 2020 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in joint venture funds, statement of cash flows and the ActewAGL Joint Venture Board's (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 2020.

On 27 August 2020, I issued an unmodified auditor's report on the special purpose financial report of the Joint Venture for the year ended 30 June 2020.

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 2020, 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 preparation. 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 in 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  
 27 August 2020



## 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 2020, 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.

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

Michael Harris  
Auditor-General  
27 August 2020





APPENDICES

# COMPLIANCE STATEMENT

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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](http://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 15 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 are found in Section 1 Organisation and Section 4 Performance. The requirements 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 2019–20 reporting period in relation to:

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D1 Dangerous Substances

D2 Medicines, Poisons and Therapeutic Goods

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## 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:

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Chief Minister, Treasury and Economic Development

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Education and Training

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Health

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City Centre Marketing and Improvements Levy

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Gambling and Racing

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Ministerial and Director-General Directions

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Public Land Management Plans

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Third Party Insurance

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## Part 5 Whole of Government Annual Reporting

As a Territory-owned corporation, Icon Water is not required to participate in whole of government annual reporting. However, in 2019–20 we did provide input into the ACT Government's Whole of Government annual reporting with regard to our bushfire risk management practices.

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 requirement of Part 5 is found in Section 5 Accountability.

## OMISSIONS REPORT

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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. Details of 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 Strategies 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 3 (Performance); 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.
Chief Minister, Treasury and Economic Development	Not applicable to Icon Water
Education and Training	Not applicable to Icon Water
Health	Not applicable to Icon Water
Gambling and Racing	Not applicable to Icon Water
Ministerial & Director-General Directions	Not applicable to Icon Water
Public Land Management Plans	Not applicable to Icon Water
Third Party Insurance	Not applicable to Icon Water

## GLOSSARY OF ACRONYMS

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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

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## 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](mailto:talktous@iconwater.com.au)

**T** (02) 6248 3111

 @iconwater

 @iconwater

[iconwater.com.au](http://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

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Information about Icon Water and an electronic version of this report can be found at [iconwater.com.au](http://iconwater.com.au).



