

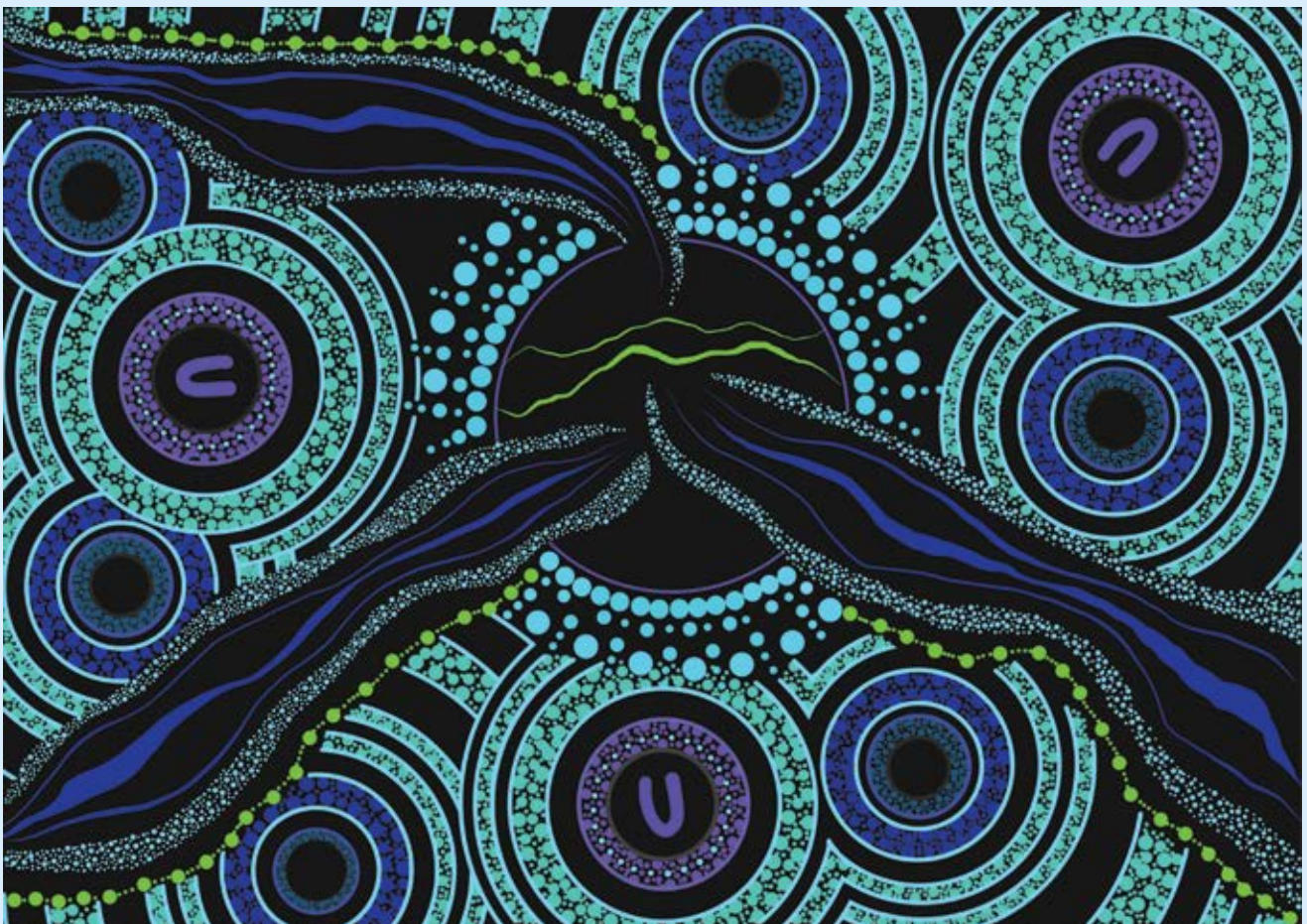
2020 – 21  
**ANNUAL  
REPORT**  
to the ACT Government



**ACT**  
Government



Icon Water acknowledges the traditional custodians of the Canberra region, the Ngunnawal people and pay our respect to their Elders – past, present and emerging. We recognise and value their continuing culture and the contribution they make to the life of the city and the region. We also acknowledge the First Peoples of the broader region in which we live and work.



Three Rivers by Lynnice Church



22 September 2021

Mr Andrew Barr MLA  
Treasurer  
ACT Legislative Assembly  
London Circuit  
CANBERRA ACT 2600

Dear Treasurer

We are pleased to present Icon Water Limited's 2020–21 Annual Report.

The report has been prepared in accordance with section 8 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 the 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 2020 to 30 June 2021.

I hereby certify that fraud prevention has been managed in accordance with the Public Sector Management Standards 2006 (repealed), Part 2.3 (see section 113, Public Sector Management Standards 2016).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 a copy of the Annual Report to the ACT Legislative Assembly within 15 weeks after the end of the financial 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 2 December 2021.

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 2020–21 to the ACT Government and our community.

Following the ACT election in October 2020, the Minister for Water, Energy and Emissions Reduction, Mr Shane Rattenbury MLA was appointed a Voting Shareholder alongside the Chief Minister. Minister Rattenbury replaced Mr Mick Gentleman MLA and we thank Minister Gentleman for his contribution and the support he provided over his term as a Shareholder of Icon Water.

The past twelve months have been challenging for all. Operating in a COVID-19 environment has meant shifting focus and reinventing the way we work. This year we have had up to 80 per cent of our workforce working remotely. We have ensured a maintained focus on the health and wellbeing of our staff, and responsiveness to the needs of our customers, particularly those who were financially vulnerable or experiencing financial hardship. We increased our communication to the public to ensure our customers were aware of the assistance available to them and how to access it.

The Board welcomed second term renewals for Ms Dorte Ekelund and Mr Brett Tucker for a further three years as directors of the Board and its subsidiary companies. These renewals provide a continuity of experience and knowledge on the Board during these uncertain times.

In 2020–21 we achieved strong financial results for the year with net profit of \$66.8m, \$12.3m above budget. Dividends paid to our shareholders totalled \$30.2m, as well as income tax equivalent payments totalling \$17.1m. Our energy investment has made a significant contribution to our overall result, contributing \$41.5m. We delivered \$88.9m of capital expenditure over 2020–21 and several capital projects are highlighted in this report.

Over the past few years we have faced very low rainfall and significant drought conditions which resulted in our combined dam levels dropping to a low of 44 per cent. In April 2021, following heavy rainfalls experienced over 2020–21, our dam levels reached 100 per cent, however we remain committed to increasing water literacy across the region through our communication campaigns, which focus on waterwise behaviours and drain care. Despite the welcome improvement in our total storage position, we have also continued refinement of our drought management planning through the lens of a future climate that will remain characterised by increased variability.

In support of the ACT Government's target to achieve net zero emissions in the ACT by 2045 and our commitment to climate change adaptation and sustainability, we have focused on a range of initiatives through our *No Opportunity Wasted* program, which was awarded the national 2020 Banksia Sustainability Large Business Award and the overall Gold Award for 2020. This program solved numerous water industry problems and produced a range of valuable products from material that would otherwise be sent to landfill and could only be achieved in collaboration with other 'can-do'

local businesses.

We have also seen a 25 per cent reduction in our greenhouse gas emissions when compared with last year.

We have continued the implementation of our first Reconciliation Action Plan. In particular, we recognise there is much to be gained from having a greater understanding of the traditional catchment and land management practices of Aboriginal and Torres Strait Islander peoples. We have begun this learning journey, and over the next 12 months, as we progress our Reconciliation Action Plan, a key priority is to build understanding and connection between what we do at Icon Water and the water knowledge, techniques and cultural practices of Australia's First Peoples.

Finally, on behalf of the Board and Executive, we acknowledge all our staff for their resilience, agility and continued efforts during these challenging times.



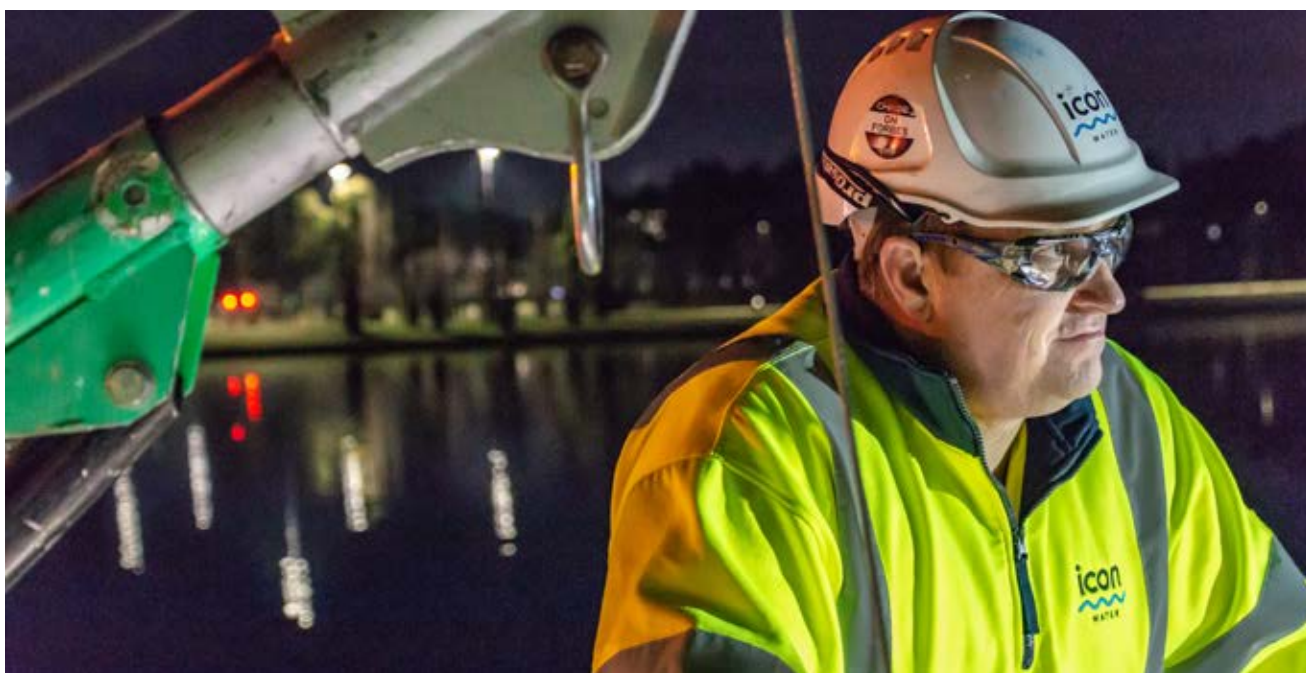
**WENDY CAIRD**  
Chair  
Icon Water



**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. Day in and day out, we're proud to support our region by sourcing, treating and supplying Canberra's wastewater 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 Water, Energy

and Emissions Reduction, Shane Rattenbury MLA.

We manage the region's network of dams, water treatment plants, sewage treatment plants, reservoirs, water and sewage pumping stations, pipes and other related infrastructure – an asset base valued at around \$2.7 billion. We also manage an investment, valued at around \$1.0 billion, in the ActewAGL Joint Venture, which operates in the energy sector.

Having achieved long-term water security, we support the growing capital region and continue to supply high quality bulk water to the Queanbeyan community. We're committed to providing these essential services that contribute to public health, liveability and the future prosperity of our region.

Importantly, we respect our role in protecting the environment. We have Australia's largest inland sewage treatment plant, and over 60 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 important objectives under the *Territory-owned Corporations Act 1990*:

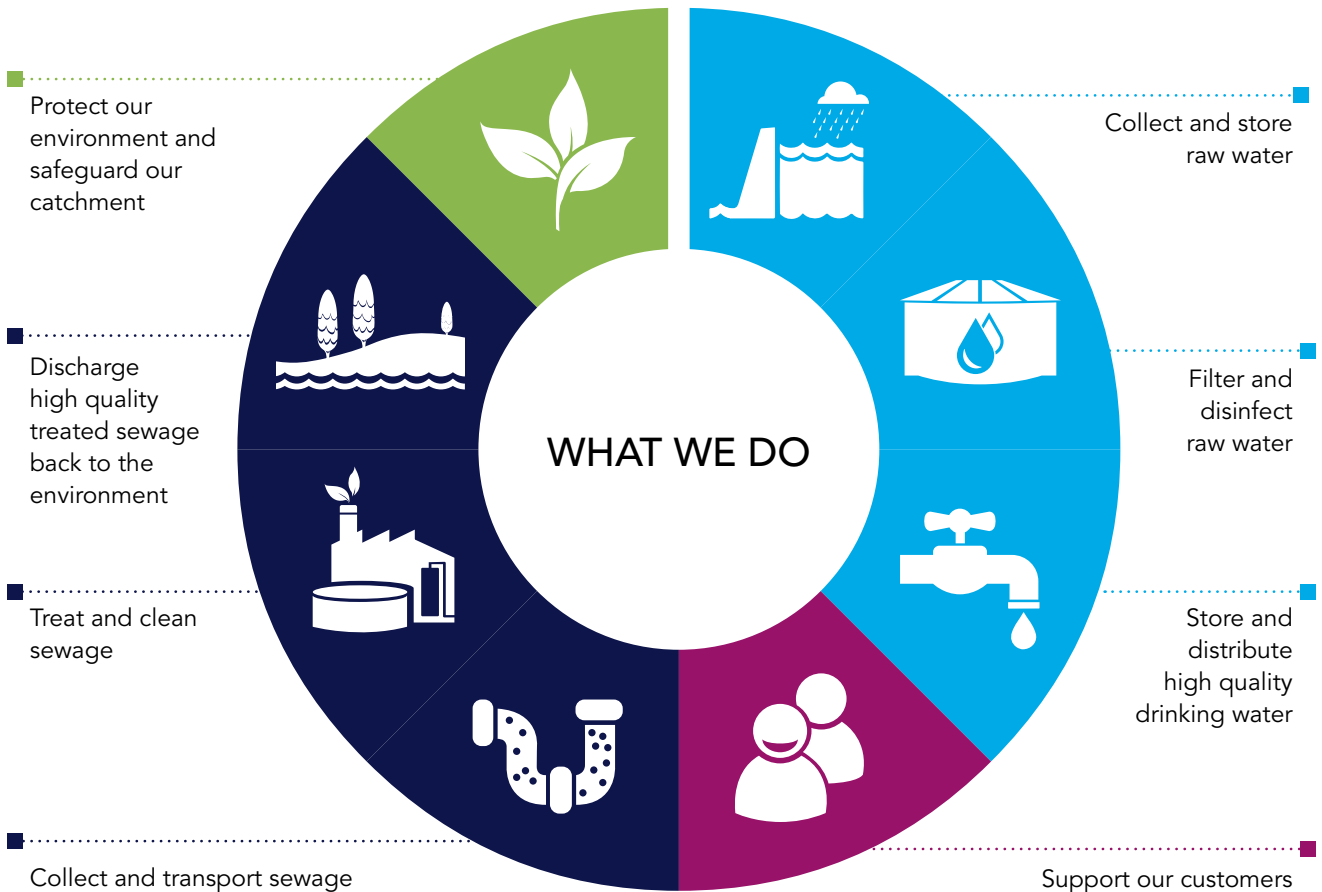
- to operate at least as efficiently as any comparable business
- to maximise the sustainable return to the territory on its investment in Icon Water and ActewAGL in accordance with the performance targets in our *Business Strategy (Statement of Corporate Intent)*
- to show a sense of social responsibility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



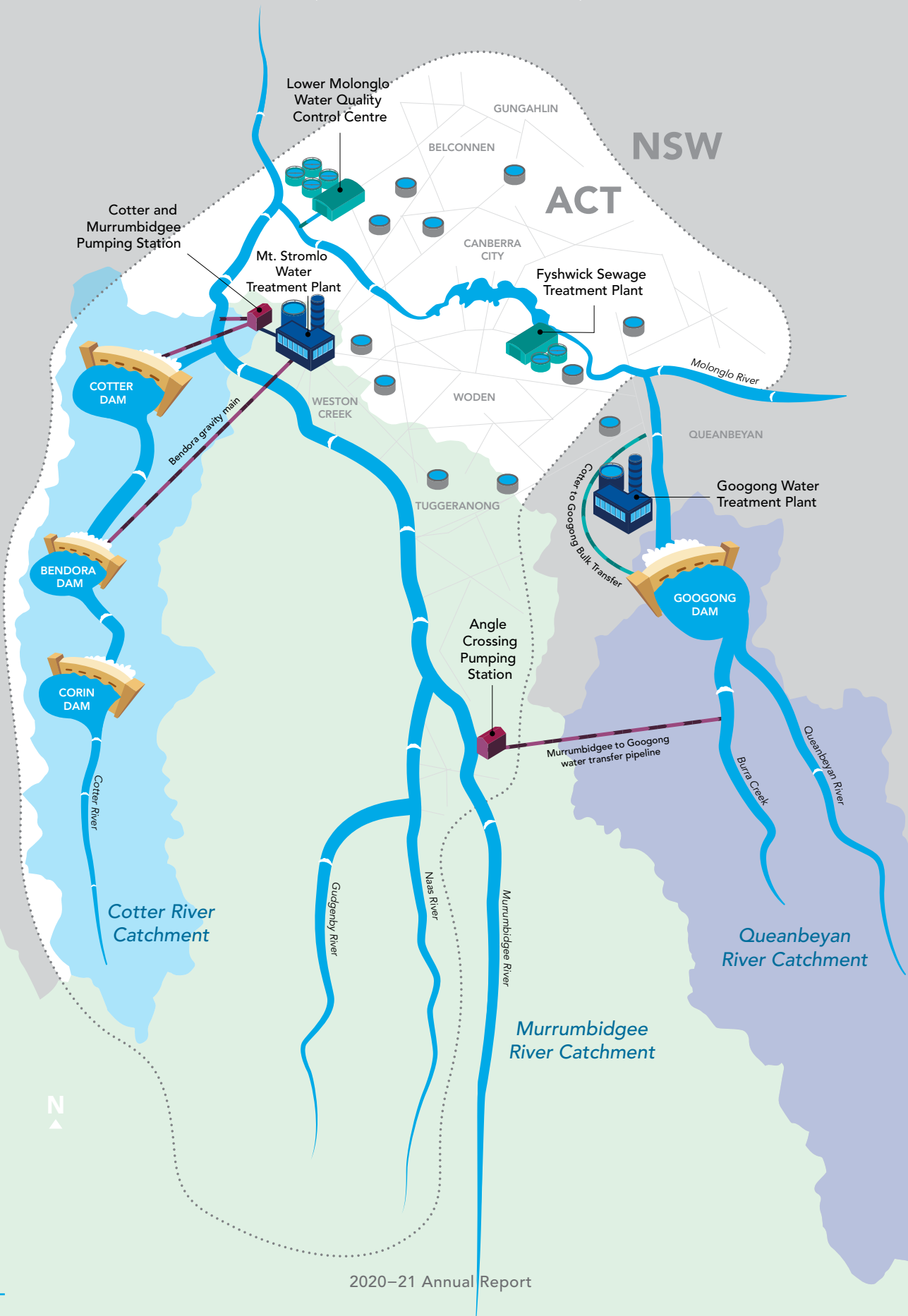


Figure 1: What we do at Icon Water



# OUR NETWORK

(WATER & SEWERAGE)



## OUR ASSETS

# \$2.7 billion

of water and sewerage related assets



**278 GL**

Combined dam capacity



**3,400km**

Network of water pipes



**25**

Water pumping stations



**2**

Water treatment plants



**50**

Reservoirs



**3,400km**

Network of sewer pipes



**27**

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 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 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 2021, members of the ActewAGL Joint Venture Partnerships Board were:

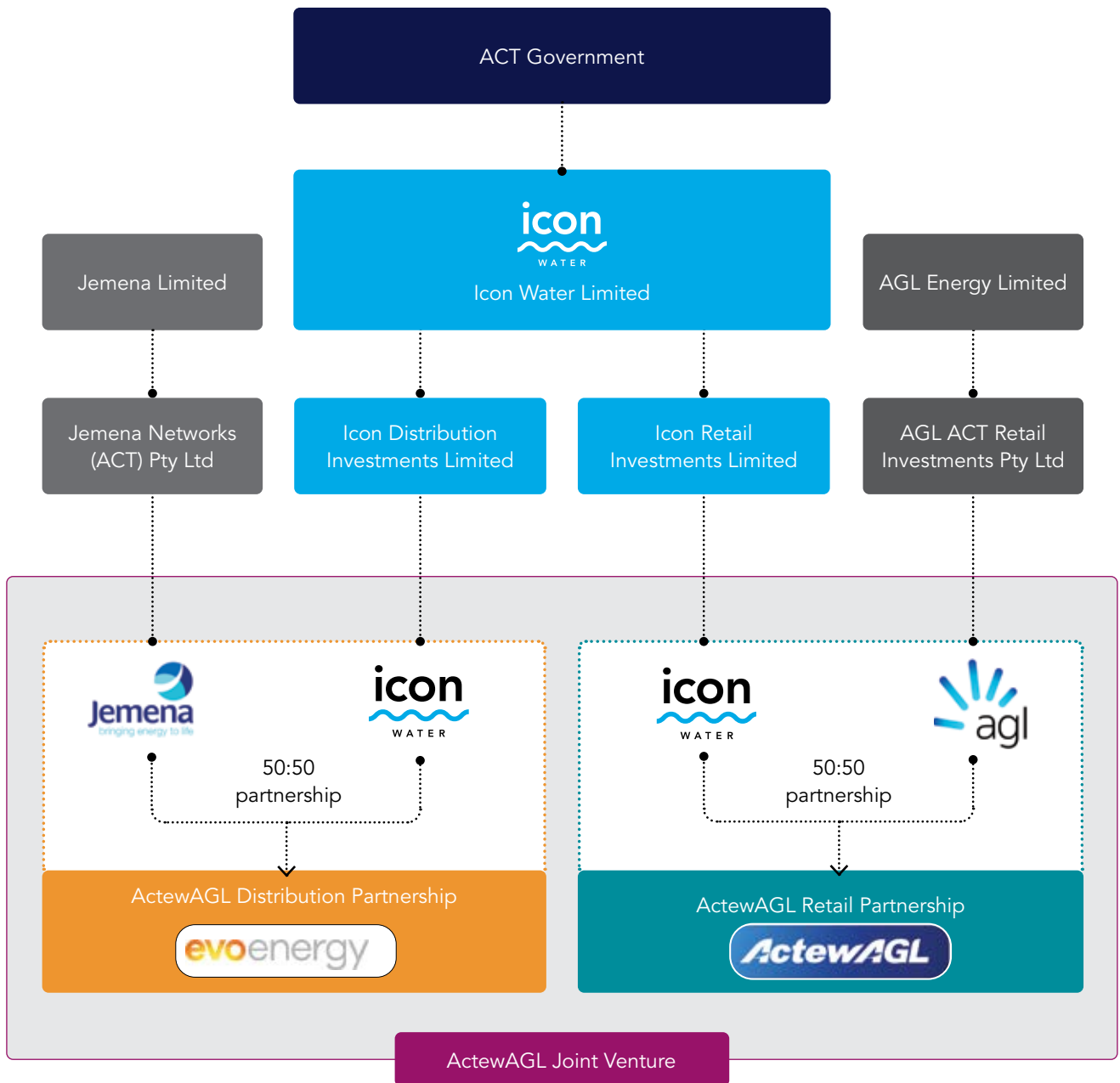
- Dr Thomas Parry, Icon Water
- Ms Wendy Caird, Icon Water (Deputy Chair)
- Mr Ray Hezkial, Icon Water
- Mr Damien Nicks, AGL (Chair)
- Mr Frank Tudor, Jemena
- Mr Sun Peng, Jemena

Details of ActewAGL's financial performance for 2020–21 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 the ACT Government's ambition to achieve net zero emissions by 2045. The joint venture is actively working on a range of initiatives to promote and support efficient energy use including, but not limited to:

- promoting the rollout of smart electricity meters in the ACT to support residential and commercial customers to better manage their energy requirements and costs.
- upgrading existing public charging points and identifying future sites for additional public charging points for electric vehicles in the ACT.
- promoting the installation of rooftop solar panels and batteries for residential and commercial consumers.
- building and operating a hydrogen vehicle refueling station to service a fleet of ACT Government hydrogen powered vehicles.
- conducting trials to determine the feasibility of injecting hydrogen into the existing gas network.

Figure 2: The joint venture structure and energy investment brands






Notes: 1) Each of Jemena Networks (ACT) Pty Ltd, Icon Distribution 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 2020–21

## Our vision

To be a valued partner in the community

## Our objectives and strategies

Workplace	Sustainable value	Customer
<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> 
<ul style="list-style-type: none"><li>▪ Enhance leadership safety capability</li><li>▪ Improve the safety capability of key partners</li><li>▪ Build a high-performing organisation</li></ul>	<ul style="list-style-type: none"><li>▪ Build resilience to climate change</li><li>▪ Enhance resource recovery</li><li>▪ Build a smarter network</li><li>▪ Review the corporate services delivery model</li><li>▪ Leverage our new technology</li><li>▪ Enhance alignment with regulators</li></ul>	<ul style="list-style-type: none"><li>▪ Improve the billing experience</li><li>▪ Enhance the developer journey</li><li>▪ Improve complaints management</li><li>▪ Develop a customer insights roadmap</li><li>▪ Develop and implement a customer capability and systems plan</li></ul>

## 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.

# OUTLOOK 2021–22

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Our Business Strategy 2021–22 to 2024–25 outlines how we will achieve our objectives and realise our vision – **to be a valued partner in our community.**

We are committed to continuing the work of our three strategic objectives to build a culture that values safety, innovation and inclusiveness, to deliver sustainable value to our community and shareholders, and to enhance the customer experience.

We have identified eight strategic priorities to help us meet these objectives. These priorities encompass key activities to improve on the work we do every day. These priorities will be reported on in next year's Annual Report.



People, health and safety strategy



2023–28 price review



Planning for major end of life assets



Review the corporate service model



Digital strategy



Data governance and management



Sustainability



Strategic customer engagement

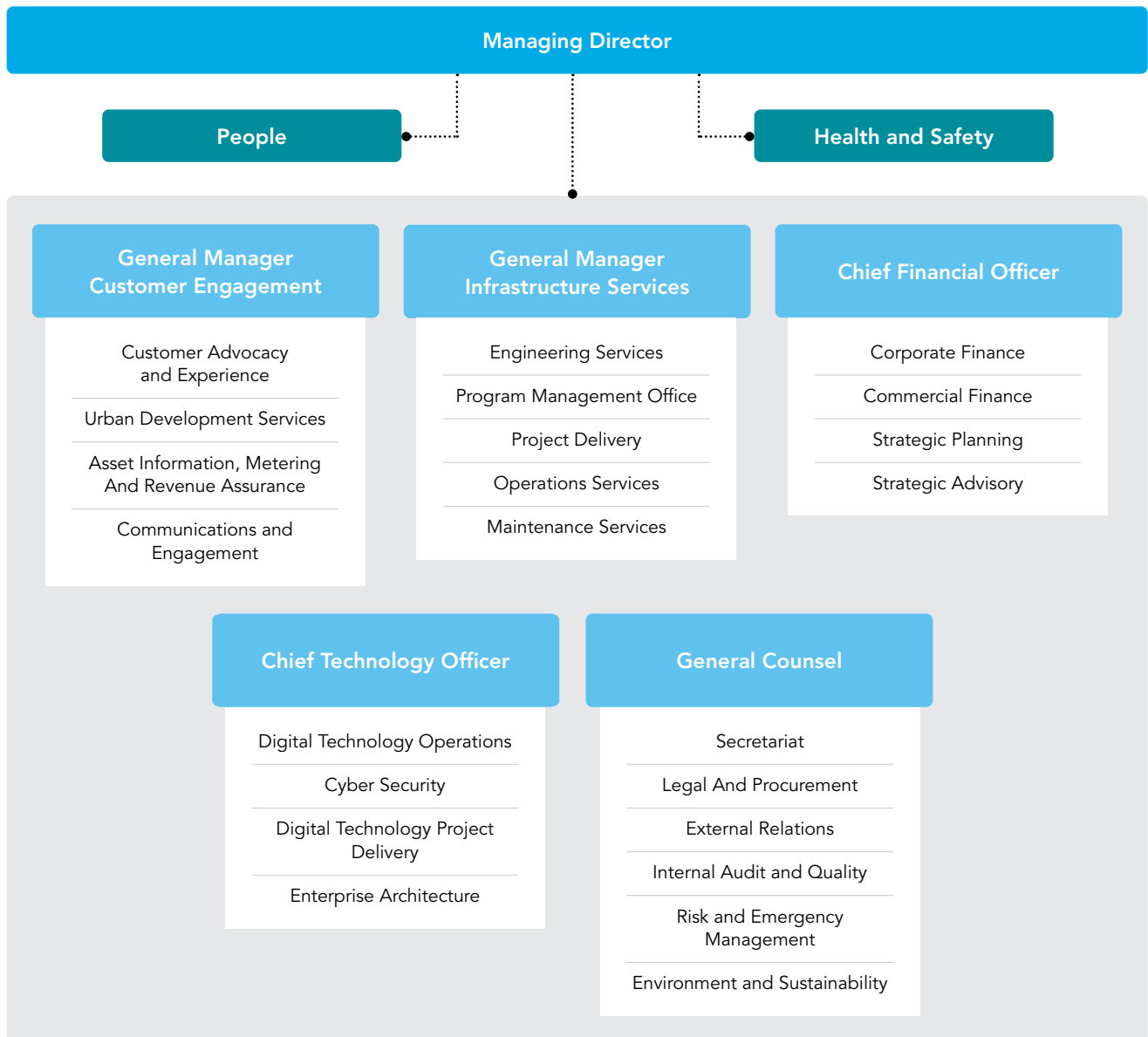
# ORGANISATIONAL STRUCTURE

Icon Water is made up of five groups, each led by an executive with the People and Health and Safety functions reporting directly to the Managing Director

This allows the Managing Director to provide direction and oversight of the People, Health and Safety Strategy, which is in place to deliver the Workplace objective of our Business Strategy.

As at June 2021, we have 403 employees (398 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 build and maintain a positive workplace culture where our people are diverse, capable and engaged – we know these characteristics are closely and inexorably linked to our ability to deliver our core purpose to the community.

The key initiatives and achievements during 2020–21 are outlined below.



## Leadership, careers and development

Our two-year structured graduate program has continued with the on-boarding of two new graduates in January 2021. We now have five graduates in the program, and three previous graduates continue working in the business in roles awarded at the end of their programs.

## Recruiting for diversity

We continued our initiative to increase female participation in non-traditional roles, focusing on attraction, talent development pipelines, training program and entry-level role targets, development and retention activities, and flexibility and role design reviews.

We also reviewed our recruitment processes. This included partnering with external organisations to increase and diversify candidate pools, and maintaining our focus on our job advertisements to ensure they are free of gender bias and encourage any interested person to apply. We've also 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

There was a strong focus in 2020–21 on building understanding of engagement among all levels of leadership in the business, so leaders can better interpret engagement survey results and implement actions within their own teams. Two cohorts of leaders attended the *Creating an engaging workplace* training program, providing tools and techniques for engaging their teams and embedding an engagement focus into the way they work.

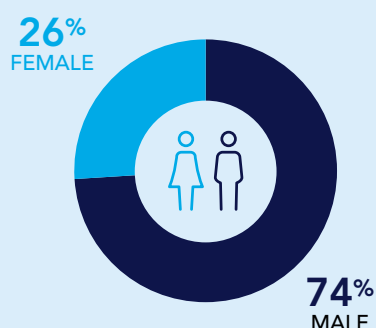
Our staff engagement survey was conducted in May 2021, with 76 per cent of the business participating and an increase of 0.12 to our mean score result from 2020. The percentage of engaged employees increased again in 2021 for the fourth year in a row.

Safety sentiment has remained high with 75 per cent of staff responding favourably to the key safety questions, reflecting the continued strong safety culture at Icon Water.

## WORKFORCE PROFILE



**398**  
STAFF MEMBERS (FTE)



### AGE BREAKDOWN

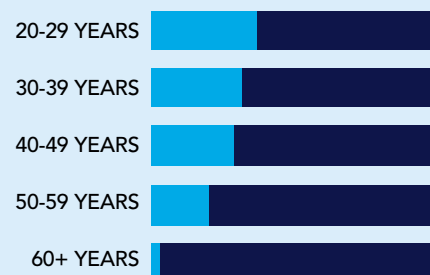


Table 1: Staff profile by employment type and gender

	FEMALE	MALE	TOTAL
Full time equivalent (FTE)	103	295	398
Headcount	106	297	403
% of workforce (based on headcount)	26%	74%	100%

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

	FEMALE	MALE	TOTAL
Casual	0	0	0
Permanent full-time	86	271	357
Permanent part-time	9	5	14
Temporary full-time	8	20	28
Temporary part-time	3	1	4
<b>Total</b>	<b>106</b>	<b>297</b>	<b>403</b>

Table 3: Staff profile by age groups and gender (headcount)

	FEMALE	MALE	TOTAL
20-29 years	15	26	41
30-39 years	33	72	105
40-49 years	38	95	133
50-59 years	19	76	95
60 years and over	1	29	30
<b>Total</b>	<b>106</b>	<b>297</b>	<b>403</b>



Table 4: Staff profile by average years of service by gender (headcount)

	FEMALE	MALE	TOTAL
Average years of service	6.8	11.5	10.2

Table 5: Workforce gender composition by occupation

	FEMALE	MALE	TOTAL
Manager (Branch Manager and above)	3%	4%	7%
Non-Manager (Team Leader and below)	23%	70%	93%

Table 6: Gender profile of employment-related activities

	FEMALE	MALE
Recruitment: candidates -(4% non-disclosed)	24%	71%
Recruitment: appointments	44%	56%
Promotions	21%	79%
Retention following maternity leave	100%	0%
Resignations	23%	77%

Table 7: Staff profile by equity and diversity groups (headcount)

	NUMBER	PERCENTAGE
Aboriginal and Torres Strait Islander	8	2.0%
Culturally and linguistically diverse	26	6.5%
People with disability	6	1.5%
Total	40	9.9%

# WORK, HEALTH AND SAFETY

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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 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 achieve organisational objectives and support compliance with legal obligations including the *Work Health and Safety Act 2011 (ACT)*. Our health and safety committee has 11 elected Health and Safety Representatives from across the business.

The recordable injuries over the past twelve months have remained steady compared to 2019–20. The majority of these injuries are sprain and strain injuries from undertaking manual field work. Work continues on preventing these types of injuries by implementing a new lid lifter (an Icon Water innovation), and field crews participating in weekly stretching classes facilitated by a physiotherapist.

There were six incidents reported to the safety regulator in 2020–21, which is two more than the previous year. The incidents involved three underground service strikes, one incident where a metal cover fell into a pit and damaged a pump, one electrical incident where a new installation was wired incorrectly

and one incident where a tree blew over in the vicinity of workers. These incidents did not result in injuries to staff.

Icon Water continues to work with our contracted delivery partners to achieve high standards of safety on our sites. We implemented a renewed approach in evaluating and assessing the effectiveness of our delivery partner's safety management, with a particular focus on high risk construction work.

In June 2021, we held a Delivery Partner Health and Safety Forum to demonstrate our commitment to health and safety and encourage a knowledge sharing approach on a practical level. The forum's objectives was to:

- Share best practice in safety management
- Learn from our industry partners
- Improve safety culture for Icon Water and our delivery partners
- Set expectations which move beyond generic health and safety approaches to being specific about the project and the work needed to be performed; and
- Improve relationships and communication.

We also reviewed and combined our Health and Safety and People Strategies. The new People Health and Safety Strategy delivers on our workplace strategic objective 'to build a culture that values safety, innovation and inclusiveness'. The strategic alignment acknowledges that people and safety share common drivers, and that strong performance in one supports and promotes the other.

Our People, Health and Safety Strategy delivered the following improvement initiatives:

The Health and Safety Branch now has dedicated business partners embedded in the Maintenance, Operations and Project Delivery branches, as well as the Customer Engagement Group. This has delivered immediate improvements in problem solving and incident investigation.

Our Live Well Health Framework was launched with an initial focus on Healthier Minds Month in November 2020, which saw an app released to support our workers to manage their mental health. As part of Healthier Minds Month, a revised Employee Assistance Program called 'Live Well Health Services' was launched and promoted. The Live Well Health Services provide not only a phone service, but has been expanded to provide access to a range of other allied support programs.

In May 2021, Healthier Bodies Month commenced which saw a focus on exercise and fitness. This included an eight-week fitness program, and a blood and plasma donation drive.

In October 2020, a new hazard management system was implemented that allows all employees to report hazards via smart devices from the field.

## CASE STUDY

### Supporting a mentally healthy workplace: Healthier Minds Month

Our 'Live Well Framework' supports a range of key organisational health initiatives.

We know around three million Australians are living with depression and anxiety. In November 2020 we held Healthier Minds Month, providing our staff with access to yoga classes, keynote speakers and Employee Assistance Program information.

Our Digital Technology Group also participated in a pilot trial of FitMinds. FitMinds is a mental health initiative where participants complete a 30-day challenge on

The Black Dog Institute's HeadGear smartphone app. Alongside completing daily activities on the app, staff participated in weekly connect groups to encourage openness and strengthened relationships.



## CASE STUDY

### Preventing musculoskeletal injury: Healthier Bodies Month

We have increased our focus on preventing musculoskeletal injuries to include not only eliminating hazardous manual tasks, but understanding the importance of increasing worker physical conditioning and education.

To do this, our onsite physiotherapist facilitates morning pre-start stretching and strengthening with our field maintenance workers each week alongside continuing to assess and treat niggles onsite. We also rolled out manual handling training across our field workforce, with a focus on the specific hazardous manual tasks that they undertake most days.

Our Choose to Move eight-week strength and conditioning program has also continued, with 15 members of our Project Delivery workforce making the healthy choice.



## CASE STUDY

### Lifeblood Teams Drive

In May 2021 Icon Water staff joined in the Healthier Bodies Month Blood Drive to save lives – proving water isn't the only life-giving liquid we focus on.

During Healthier Bodies Month, staff attended onsite Lifeblood stalls and presentations about donating and were able to register and book appointments – some for the very first time. Courtesy shuttle buses departed from our Mitchell office each Friday in May, taking groups of staff to donate together.

In a fantastic effort, our Lifeblood team grew from 49 to 72 members (including 10 new donors in May) and we made 32 life-giving donations (four whole blood and 28 plasma donations).





PARTNERING  
WITH THE  
COMMUNITY

# COMMUNITY ENGAGEMENT

Our external education and community engagement programs are an integral component of our vision to be a valued partner in our community.

We 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) of individual behaviour on these services and secondly, to increase fundamental water literacy through understanding of the water supply catchment and the role of a water utility in the community.

Over 2020–21 we educated our community on water quality, water treatment, catchment management, water conservation, permanent water conservation measures (PWCMS) and the urban water cycle. Our *Care for Water* campaign continued to raise awareness across Canberra and Queanbeyan communities on these measures with tips on how to be more water efficient at home, in schools and at work. While our dams are now full,

we are committed to continuing to promote PWCMS. The COVID-19 pandemic has resulted in toilet paper shortages and the reality that some households may be inclined to use non-flushable materials such as wet wipes. Given the known impacts of this waste on the performance of our sewage network, our campaign focused on promoting drain care and highlighting to the community what can and can't be flushed down the toilet, this work will continue into the next year.

## Infrastructure and water network education

Icon Water provides the community with information and often direct access to our network of infrastructure – particularly through schools, and 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 2020, due to COVID-19 our face-to-face education, engagement events and tours were cancelled to ensure the safety of our staff and the community.

We shifted our program online and provided tools and resources to promote water literacy. We used the ACT urban water cycle model and delivered engaging and interactive education online sessions to schools and community groups.

## Digital education and online learning

In 2020–21 we focused on building relevant digital materials. We provided teachers and community members with a suite of online materials for self-guided learning. This included a series of downloadable factsheets and engaging activities to support learning for primary (K-2, 3-6) and secondary (years 7-8) students on our website. The resources build community literacy around the ACT urban water cycle, our sewage network and the importance of drain care. Over this period 16,840 unique visitors explored the Education section of our website.







^ Women in Science and Engineering WINGS STEM Expo Hawker College



^ Industry Tour to Cotter Dam

## Guided tours to Cotter and Googong Dam, education sessions and community education events

In 2020–21 we connected with over 3,010 people across 74 education sessions. This included 23 tours and 48 presentations to primary and high school audiences, community groups, tertiary institutions, and industry groups. We facilitated interactive displays at events, including Women in Science and Engineering (WINGS), and the Youth

Sustainability Forum. We also ran teacher professional development sessions for CIT Master Plumbers and Questacon’s *Engineering is Elementary*.

Face-to-face tours resumed in March 2021. These tours continue to be an important way for local students and visitors to learn 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’ve hosted two Googong Dam tours and 24 Cotter Dam Discovery tours, engaging 667 participants from grades 2-7 and various industry professionals including ACT Water Educators.

## Googong Dam source water protection education and engagement strategy

Unlike the dams within the Cotter catchment, Googong Dam is publicly accessible and allows limited recreational activities. As the Googong community continues to grow we have maintained our focus on protecting the quality of the Googong catchment area. This includes reinforcing the water recreation rules for existing residents and empowering new residents to be active champions of this cause as well. We undertook this work via an engagement strategy for the Googong community and key stakeholders including ACT Parks and Conservation, the Googong Township Group and Queanbeyan-Palerang Regional Council.



## CASE STUDY

### Questions from Kids

We launched our *Questions from Kids* project in 2020–21, sharing digital resources with schools as a way of building water literacy when we weren't able to engage face-to-face. Kids from ACT and Queanbeyan schools asked their curious questions about what Icon Water does each day. We produced a series of online videos with answers to these questions from our field and operations staff. The videos championed our staff across the business and the services they provide for the community, and have been used by teachers for student learning in classrooms across the region.

We also explored live webinar education sessions to connect with external classrooms for online presentations. *Questions from Kids* became an essential tool for these digital sessions, showcasing the ACT urban water catchment model and providing a visual tour of the ACT urban water network. Twenty-six successful digital sessions have been delivered with over 1,164 participants from years 2-12.



^ *Questions from Kids* digital education session with Fraser Primary School learning about urban water in the ACT.

Table 8: Consultations

Project	Consultation Process (tools used)	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>ACT and Queanbeyan primary and secondary schools</p> <p>Tertiary groups – universities, CIT</p> <p>Industry delegates</p> <p>Community groups and individuals, ACT Government</p>	<p>3,010 direct</p> <p>over 16,840 water education resource unique visitors</p>	<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 study of science and environment, history and geography.</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 Township Group</p>	<p>1,500+</p>	<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 at local events such as the, Rise Above Cancer Convoy, Floriade Reimagined and the Youth Sustainability Forum</li> <li>▪ Participation in OzWater conference</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>	<p>150,000+</p>	<p>Relationship and awareness building. Increased knowledge of services available and importance of individual responsibility in relation to the network (water consumption, 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>	<p>300,000+</p>	<p>Relationship building, education, community support and increased brand awareness.</p>
Community engagement – infrastructure projects	<ul style="list-style-type: none"> <li>▪ Education and engagement on the Belconnen trunk sewer projects</li> </ul>	<p>Customers and community</p>	<p>1,500+</p>	<p>Community influenced project outcomes.</p> <p>Relationship building, education, community support and increased brand and project awareness.</p>

# ABORIGINAL AND TORRES STRAIT ISLANDER COMMUNITY ENGAGEMENT

We recognise the Ngunnawal people as the traditional owners and custodians of the lands on which we work and operate and we pay our respects to their Elders – past, present and emerging.

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.

Over 2020–21 we progressed actions within our Reflect Reconciliation Action Plan (RAP). We conducted an online cultural

awareness survey in March 2021, which was designed and hosted by a local Aboriginal business. Outcomes from the survey provided a baseline which we will use for future evaluation activities. Survey results also highlighted the areas of reconciliation that were of higher interest and priority to our staff.

For example, there was significant interest in gaining a greater awareness of First Peoples' traditional water, land and catchment management practices.

In April 2021, our Board, Executive, RAP Working Group and the Environment and Sustainability Branch attended an On Country Cultural Tour of Mulligans Flat Nature Reserve in Canberra. The tour was hosted by the Traditional Owners Aboriginal Corporation (TOAC) and participants were taken on a nature walk to hear about the ways native plants and bush were

used by local Aboriginal people to navigate across country. It also included a bush tucker meal, hut building and boomerang throwing.

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.

We continued to make sure our staff received training and knew how to identify and protect items of cultural heritage significance.

In 2020–21 we continued our sponsorship of Greening Australia's Bush Tucker program.





# COMMUNITY SUPPORT PROGRAM

We've been part of the Canberra community for more than 100 years, and it's important to us that our support for the 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 in a way that maximises returns to the community. We focus particularly on supporting organisations that deliver valuable local community support services and programs themselves, as well as various activities that encourage community access and participation. Our program is open for the community to apply in March and April of each year, we notify the community through the website and social media.

The program has two primary objectives:

1

To meet the objectives under the *Territory-owned Corporation Act 1990*, 'to show a sense of social responsibility by having regard to the interests of the community in which we operate and by trying to accommodate and encourage those interests'.

2

To complement and progress 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 2020–21 we committed over \$400,000 to sponsorships and donations through 29 groups, individuals and organisations.

## CASE STUDY

### Rise Above Cancer Convoy 2021

The Rise Above Cancer Convoy continues to be a favourite fundraising event at Icon Water. Our enthusiasm and passion is evident in everything we do to support this event, from washing our trucks to driving them in the convoy – and for the seventh year in a row, we proudly raised money and awareness to help patients who are battling cancer in our region.

We're incredibly proud to have Icon Water's trucks as part of hundreds of other trucks and motorbikes parading through Canberra.

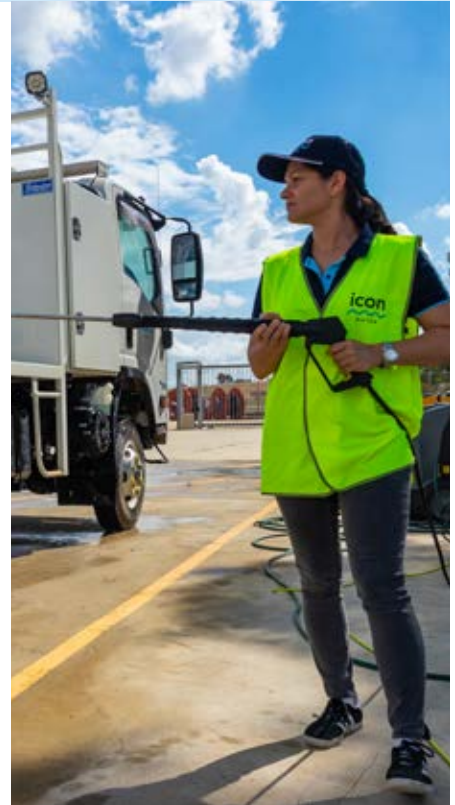


Table 9: Community Support

Organisation – event/donation	2020–21 \$
1 Lifeline – gala dinner, women of spirit awards, boot camp and book fairs	50,000
2 Questacon – Aquarium Exhibit, awareness and education about sustainable water practices	40,000
3 Menslink – business breakfast and various campaigns	35,000
4 Sleep Bus – The Canberra bus	35,000
5 Domestic Violence Crisis Support (DVCS) – various campaigns	20,120
6 Karinya House – mothers’ day ball and various campaigns	20,000
7 Orange Sky Laundry – Canberra shower van/shower van operations	18,183
8 OzHarvest – education program	16,364
9 YWCA Canberra – Hidden women program	15,000
10 Royal Life Saving ACT – day at the lake/ACT water safety week	10,000
11 Physical Activity Foundation – School activities	10,000
12 Kids in Care ACT – Christmas presents for kids in crisis	10,000
13 Greening Australia – bush tucker program	9,091
14 Canberra Special Kids Christmas Party – Christmas party for disabled kids	5,000
15 Communities @ Work – Seniors Program	5,000
16 Belconnen Arts Centre – NAIDOC Week	3,000
17 ACT Valley Dragons Masters	3,000
18 Western District Junior Cricket Club	3,000
19 Tuggeranong Bushrangers RLFC	3,000
20 Table Tennis ACT	3,000
21 Tennis ACT	3,000
<b>Cumulative total</b>	<b>316,758</b>

Table 10: Community Inclusion

Organisation – event/donation	2020–21 \$
1 Canberra Symphony Orchestra – Music by the river with Queanbeyan-Palerang Regional Council	30,000
2 Rise Above – Cancer convoy	12,000
<b>Cumulative total</b>	<b>42,000</b>

Table 11: Affiliated industry partner

Organisation – event/donation	2020–21 \$
1 Master Plumbers Association – awards nights and Icon Water community excellence award	15,000
2 Ginninderra Catchment Group – Frog Watch Program (Schools education)	12,500
3 Conservation Council ACT – World Environment Day dinner	5,500
4 Australian Water Association – Water matters conference	5,000
5 ACT Wildcare – Wombat mange program	3,106
6 Abundant Water Inc – Container deposit scheme - dollar for dollar donation	258
<b>Cumulative total</b>	<b>41,364</b>

## CASE STUDY

### Floriade Reimagined

Floriade looked a little different to previous years due to COVID-19. In September 2020, over 700,000 bulbs and annuals bloomed, not in Commonwealth Park, but across multiple locations in Canberra.

We were proud to support Floriade Reimagined in 2020. We covered the watering costs for groups who had access to watering systems and also arranged for recycled water tankers to irrigate gardens for the groups who didn't have access to water.

*"Water conservation is always front of mind for us. We've been engaging with the community to use water wisely and it's fitting we're able to continue this theme while supporting community groups across the ACT, to bring Floriade Reimagined to life with the use of recycled water."*

–Ray Hezkial



## CASE STUDY

### Domestic Violence Crisis Service – Shave for the Brave

In March 2021, several Icon Water staff volunteered to shave their heads to raise money for Canberra's Domestic Violence Crisis Service (DVCS). DVCS provides 24-hour crisis intervention and supports over 4,000 clients each year.

We asked our Icon Water volunteers 'why did you choose to shave your head?' and they gave us the following responses:

*"It's important that victims get support and that public awareness is raised about the issue; also I think it is important that something is done to intervene to prevent escalation."*

– Romano

*"It's a worthy endeavour as I feel very strongly against domestic violence."*

– Trond

*"I have chosen to help as everyone deserves the right to feel safe and the money raised can help fund anyone trying to leave a violent situation."*

– Marcus

*"I have been very lucky in my life and would love to give back to the community."*

– Matty

*"To be honest, it's something I have wanted to experience but never had the guts to follow through. A few years ago I remember being strongly impacted by how women feel after cancer treatment. I heard women saying that losing their hair made them feel less of a woman... or everyone looks at me differently. I could sympathise but not empathise. I wanted to be able to empathise and shaving my hair for a cause such as domestic violence makes it all the more meaningful."*

– Shaan

*"I'm very proud to be part of an organisation that supports our community and wanted to do my little part. Over the last two years I've participated in the St Vinnies CEO Sleepout but thought I would do something a little different this year and support a very worthwhile cause and an important issue that deserves our attention and action."*

– Ray



Team Icon Water raised over \$10,500, which contributed to a total fundraising effort by the community of \$97,000.





## RESEARCH, DEVELOPMENT AND INNOVATION

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We keep abreast of the latest developments and technologies by providing funds, in-kind support, collaborating on research and development projects, and partnering with other 'can do' business partners.

We are a member of several water industry bodies and participate in a number of network groups and on joint collaborative research projects. This allows us to access a rich body of expertise across Australia and internationally, and the benefit of shared knowledge, expertise, partnerships and funding.

We work in partnership with universities and industry through Water Services Association of Australia (WSAA) and Water Research Australia (WaterRA). These relationships give us 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 2020–21 we joined WSAA's W-lab to access international water utility technology capability. We also joined the \$17.9m Australian Research Council Industrial Transformation Training Centre for Transformation of Australia's Biosolids Resource (ITTC Biosolids), based out of RMIT, to access information and collaboratively investigate improvement management practices across the entire biosolids process, from

treating biosolids to transportation and legislation.

In 2020–21, we were involved in the following research and technology projects:

- We contributed to the development of WSAA's *Occasional Paper 31: Liveability Indicators*. Since the paper was published, we have undertaken a materiality assessment to establish the liveability indicators considered most relevant to Icon Water and our community. These will help track how we assist

the ACT and region through health, economic, climate and environmental benefits.

- We continued to participate in a joint working group between WSAA and Monash Sustainable Development Institute and established a framework and set of water industry indicators that will help evaluate water utility contribution to the United Nations Sustainable Development Goals.
- We participated in the development of an industry-wide Climate Position Paper due to be released in September 2021.
- Coordinated by WSAA, we contributed to an industry review of the International Standard for Climate Adaptation for Water Services, still under development.

We are also a key stakeholder in the following WaterRA research projects:

- **Recreational impacts in drinking water catchments.** This project aims 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. This project was delayed due to COVID-19 research reprioritisation in 2020.

- **Scope 1 emissions from sewage treatment plants.** A significant proportion of our emission footprint is nitrous oxide released from sewage treatment. 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 nitrous oxide.
- We also initiated a WaterRA/ University of Queensland PhD sponsorship, monitoring nitrous oxide emissions from Lower Molonglo Water Quality Control Centre (LMWQCC) and developing options for emission abatement. These nitrous oxide projects will continue until 2023.
- **Emerging contaminants of concern.** This project developed 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.
- To promote innovation we utilise Ripple, an ideas package to crowd-source innovative ideas across the business. This year we created a Ripple challenge to source ideas to inform our ANU Perpetual Endowment bids

in 2021, as sponsor of the ANU Aspi Baria scholarship.

The Perpetual Endowment Fund was established between the Australian National University, Icon Water and ActewAGL in 2008 to support mutually beneficial PhD scholarships and research projects relating to energy and water sustainability. Up to \$150,000 is expected to be awarded for water sustainability research projects and a three-year PhD Scholarship in 2021.

Twelve potential research ideas with a high potential for industry use were proposed by Icon Water staff through the Ripple challenge to inform the research project bids.

We continued to work on a number of innovative research projects to improve our resource recovery and recycling and generate higher value products from our waste materials.

We continued to discuss the creation of biochar from biosolids at LMWQCC with key stakeholders and water utility partners; and undertook a project to investigate and create landscape products from water treatment sludge.

## CASE STUDY

### Recovered glass sand – repurposing products and sharing our experience

In collaboration with Re.Group and ACT NOWaste, we developed a process to turn glass containers back into glass sand, which we use as an embedding material around our 3000+ kilometres of sewer pipes. This means we don't need to use natural quarried or extracted material – a financial, environmental and social win-win-win. This has led to over eight million glass containers in the ACT being given a new life as an engineered product.

We're now investigating further opportunities to recycle products, with a focus on plastic products such as sewer manhole covers and water meter covers.

Our staff have made numerous industry presentations to share this innovation, including to Engineers Australia, fellow water utilities, Canberra Joint Region Organisation, the Global Water Research Coalition and at the OzWater'21 convention in Adelaide. Our video on use of recycled glass sand can be viewed on YouTube.





**YEAR IN  
REVIEW**



## 2020–21 KEY PERFORMANCE OUTCOMES

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### Key performance outcomes

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 12.

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 12: Performance outcomes

Strategic objectives	Performance indicators	Targets (30 June 2021)	Results 2020–21
Build a safe, innovative and inclusive workplace	High Potential Incidents (HPI)	0 incidents	2 <sup>1</sup> ●
	Total Recordable Injury Frequency Rate (TRIFR)	Less than or equal to 7.1	16.9 <sup>2</sup> ●
	Safety culture	Maintain the high level of employee perceptions of organisational and manager commitment to health and safety (80% and 79% respectively)	75% <sup>3</sup> ●
			76% <sup>3</sup> ●
	Gender diversity	50% females in leadership group	40% <sup>4</sup> ●
		Improved proportion of females in non-traditional roles (greater than 19.6%)	18.8% <sup>5</sup> ●
Employee engagement	Improved employee engagement	+2% ●	
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 ●
	Reliable water supply	Average duration of an unplanned interruption – water (minutes): 111–150	146 ●
	Sewerage system reliability	No. of sewage overflows inside customer properties less than or equal to 15	10 ●
		More than 95.0% of sewerage chokes responded to within 6 hours	95.5% ●
	Environmental compliance	100% compliance with environmental flow requirements, environmental authorisations and agreements	100% ●
	Shareholder return	\$46.5 m (profits available for dividends)	\$41.1m <sup>6</sup> ●
	Earnings before interest and tax (water and energy)	\$146.3 m	\$151.3m ●
	Capital expenditure	+/-10% of \$98.1 m	\$88.9m ●
Gearing	Less than or equal to 57%	55% ●	
Enhance the customer experience	Customer satisfaction	90% of annual survey participants are satisfied with our overall service	91% ●
	Ease of doing business (EDB)	5% improvement on 2019-20 result (2019-20 score 28)	19 <sup>7</sup> ●
	Effective complaints management	A meaningful response to 100% of complaints within 20 business days <sup>8</sup>	98% <sup>9</sup> ●
	Community perception of Icon Water	5% improvement on 2019-20 result (2019-20 score 61)	71 ●

● Target met ● Target not met but within tolerance ● Target not met

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- High potential incidents related to a tree falling close to workers while digging at the base of a tree and an electric shock while working on a switchboard.
- Increase relates to musculoskeletal injuries resulting from sprains and strains while conducting maintenance tasks.
- Survey results are being analysed to identify areas for improvement.
- Represents 10 females in the leadership group.
- A low turnover in roles limited the impact of initiatives to attract female candidates to non-traditional roles.
- The primary reason for the dividend shortfall, despite the positive profit performance, is the increased levels of gifted assets.
- The 2019–20 results were high which may be a result of measures introduced to assist customers during due to COVID-19 as prices did not increase and credit collection ceased. The 2020–21 result is in line with the results from 2018–19 (score 17).
- 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.
- There were eight complaints that did not meet the timeframe for a meaningful response in the Utilities (Consumer Protection Code) Determination 2020.



## MANAGING OUR BUSINESS DURING COVID-19

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We continue to respond to the potential threat to our staff and operations arising from the pandemic. We have implemented a four-phase response and recovery plan. The impacts of COVID-19 on Icon Water's business are broad and span the delivery of water and wastewater services; employee health and wellbeing, and customer service.

In June 2020 given the high degree of uncertainty and concern as to how the community may be financially impacted as a result of COVID-19, we made the decision to freeze the combined water and sewerage price for 12 months. The fixing of prices meant the ICRC approved bill increase was not applied by Icon Water thereby saving a typical customer \$18 with non-residential customers saving \$50-\$410. We also supported the ACT Government with administration of COVID-19 related rebates which were applied to community clubs during the 2019-20 and 2020-21 financial years.

Throughout the pandemic, we have continued to deliver the outcomes our customers have told us are important - quality drinking water, reliable supply, quality customer service and environmental sustainability. The productivity of our staff working from home has been maintained at a high level.

Our water supply and sewage treatment operations have been maintained and our planned capital works have progressed with the appropriate pandemic controls in place.

We are sharing learnings across the industry through collaborations with other water utilities, the Commonwealth's Trusted Information Sharing Network; key industry representative bodies; AWA and WSAA.

We continue to facilitate access to raw sewage samples from the Canberra community. Australian National University is provided with and analyses a single sample on a weekly basis. The sample is collected by our staff from the LMWQCC and is an aggregate representation of the sewage entering that day.

## CASE STUDY

### COVID-19 and wet wipes

Raw sewage entering the plant is physically screened to remove solids larger than a few millimetres, before further treatment. These screenings are normally macerated and then incinerated. In 2020, screenings were diverted to a temporary screenings wet well (holding tank), to allow upgrades to occur to increase screening capacity.

During this interim phase, floating screenings in the wet well were being pumped out daily, in order to prevent equipment (such as macerating and grinding pumps), from blocking. With the 2020 toilet paper shortage associated with the arrival of COVID-19 in Australia, there was a noticeable increase in the number and variety of wet wipes (smaller baby wipes and larger disinfectant floor wipes) entering LMWQCC, and being captured by the screenings process. Unfortunately, due to the difference in make-up between wet wipes and regular toilet paper, the number and size of rag balls floating in the wet well increased the frequency of pump blockages. To combat this, the frequency of wet well pump-outs was doubled to twice a day.

The floating unmacerated wet wipes forming these rag balls could not be returned back to the solids handling process for incineration, so they were temporarily held onsite to dry out, and then sent to landfill for special burial.



^ View looking down at Temporary Screenings Wet Well, removing wet wipes to minimise pump blockages.





## CUSTOMER EXPERIENCE

We are committed to delivering quality products and services that our customers and community value and this commitment is reflected in our key objective to enhance the customer experience.

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

During 2020–21 we received over 60,000 customer calls (including faults and emergencies, account and general enquiries). We are committed to appropriate quality assurance, consistency in billing practices, and clear and helpful communication.

A survey of 300 residential households and 200 businesses indicated that 91 per cent of our customers are satisfied with our services. Our drinking water continues to be highly regarded with 94 per cent of our customers satisfied with the quality.

Icon Water's efforts were recognised with a high commendation in the Customer Experience Category at the Australian Water Association's national awards for our ongoing focus on building our connection with the community and improving our customers' experience.

In our ongoing response to the pandemic, we continue to focus on providing the support our customers need while we deliver our essential water and wastewater services. Residential and small business customers who are struggling financially continue to access assistance through our support package, which includes:

- flexible payment plans
- payment extensions
- personalised case management through the Staying Connected

hardship program which remains expanded to include small business customers

- temporary suspension of interest
- a freeze to the combined water and sewerage price for 12 months from 1 July 2020
- a pause on credit collection activities.

As an essential service provider we recognise the important role we play in supporting public health. It is a responsibility we take seriously, and we are working hard behind the scenes to deliver our usual high-quality service levels.



## WATER SECURITY

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Canberra saw a significant increase in water storage during 2020–21, as high rainfall broke the severe drought conditions that we had been experiencing since 2017.

Icon Water's total storage volume rose from 55 per cent full at the beginning of 2020 to near full capacity by November, and have remained at or near full capacity throughout the remainder of the financial year. In March 2021 outflow from all four of our dams reached its highest value since 2012, (though still only a small fraction of outflow capacity). Canberra and Queanbeyan prepared for the possibility of flood damage, which fortunately did not eventuate.

Full dams meant we could supply most of our water from Bendora Dam this year, which is our cheapest and most reliable source. Our other sources (Googong Dam, Cotter Dam and the Murrumbidgee to

Googong pipeline) also contributed to Canberra's water supply during the year.

Overall, the wet weather conditions were a welcome relief after Canberra's worst water supply drought on record. During 2019–20 we saw unprecedented dry conditions characterised by very low rainfall, high temperatures and bushfires. In 2019 we saw the lowest ever calendar year inflows into our dams, and 2017–19 was also the worst three-year period on record. In February 2020 our total dam storage volume dropped below 50 per cent for the first time since the Cotter Dam enlargement, reaching a low of 44.4 per cent.

The success of managing the worst drought in our history without water restrictions notwithstanding, our analysis of the impacts of climate change tells us we will continue to see less reliable inflows of water to our system in the future. We are monitoring this closely and are ready to use the broad suite of expertise and tools at our disposal so we can continue to provide a secure water supply to the region.

Since the drought, we have obtained expert advice and systematically reviewed how we account for climate change and other planning variables. We have also updated our water security planning models to use the latest data and techniques.

Icon Water's *Drought Management Plan* was developed in response to the recent drought (2017 to 2020). It's difficult to predict how long or severe future droughts may be, so we incorporated an adaptive planning approach that draws on three levers: source water management, demand management and supply options. In doing so, we are prepared for a drought significantly worse than anything seen before.

Version two of the plan is being developed to incorporate the outputs of the updated models mentioned above. Significant work was also undertaken in 2020–21 to develop the portfolios of supply options that could be implemented in response to drought and develop a framework to reassess our options based on the conditions at the time. This adaptive approach ensures we keep all options on the table.

Icon Water is currently developing a Water System Strategy. The purpose of the Strategy is to set long term directions, guide future investments and inform decision making. The Strategy includes secure water as a critical objective for Icon Water's water system.

## Murrumbidgee to Googong pipeline operation

The Murrumbidgee to Googong (M2G) pipeline is one of several pieces of water security infrastructure built following the millennium drought, to strengthen Canberra's water security. The pipeline 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 flow and water quality.

We operated M2G from February 2020 until August 2020, at which point our dams were fuller and we didn't need to supplement supply. This was the first occasion that the M2G supplied water for an extended time period. As well as assisting with drought recovery, this period of operation allowed Icon Water to fully test the capabilities of the infrastructure. We operated M2G again briefly for maintenance purposes in February 2021. The pipeline transferred 1,859 megalitres over the 2020–21 financial year across 35 days of operation. This is equivalent to more than three per cent of Icon Water's annual demand.





## ENVIRONMENTAL MANAGEMENT AND SUSTAINABILITY

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Strong sustainability and environmental management is essential for our business and our community. This is articulated through our Sustainability and Environment Policy, which is the cornerstone of our certified Environmental Management System (EMS).

The policy sets out our commitments to take action and consider sustainability in all our investments to enrich our neighbourhood, respect resources and care for tomorrow (our three Sustainability Principles).

Through 2020–21, we continued to take action to protect the environment, embed sound environmental management, and build a resilient and sustainable business through a wide range of environment and sustainability projects.

Throughout the year, we have undertaken 11 environmental assessments that integrate ecologically sustainable development principles into our capital infrastructure project planning, obtained 15 environmental planning approvals for our activities, from ACT Planning and Land Authority and four National Capital Authority (Commonwealth) approvals. Our Environment and Sustainability Branch and Project Delivery Branch worked closely together to undertake numerous environmental assessments including ecological, contamination and heritage studies. Projects such as the construction of

the One Tree Reservoirs, LMWQCC, and the Belconnen Trunk Sewer augmentation, required substantial external and internal stakeholder consultation and buy-in. These and other projects showcase the commitment by the teams to not only meet the required legislative obligations, but also undertake best practice initiatives. We have a dedicated team of professionals and are proud that one member achieved the Australian Water Association's ACT Young Water Professional of the Year in 2020. We were also pleased to host and mentor five student interns over the year fostering our future local workforce.

We rationalised our Environment Management Plans and continued to achieve compliance for environmental licence and environmental flow requirements, despite the challenges of major rainfall events and continued impacts as a result of the 2020 bushfires.

We updated our Cotter Pumping Station Heritage Conservation Management Plan, highlighting the importance of the Cotter Pumping Station in Canberra's history and as one of the few remaining working heritage assets of this vintage.

Building resilience to address climate change has been a strong focus this year. We initiated actions during the first year of our *Climate Change Adaptation Plan*, to address climate change risks identified through impact and risk management workshops.

We announced our carbon abatement target of net zero emissions by 2045, consistent with the ACT Government's commitment, and have been working to develop our pathway to net zero, holding workshops with key specialists from across the business and industry to ideate potential emission mitigation measures.

To limit our emissions profile and increase our resilience to volatile energy costs, we continued to increase our renewable energy portfolio. In 2020–21 we constructed a further solar array at our primary sewage treatment plant (Lower Molonglo Water Quality Control Centre). This will bring an additional 702kW to our renewable energy portfolio when it is brought online in early 2021–22, making our total renewable energy portfolio approximately 3.9MW.

Our primary focus is on reducing our emissions by avoidance, efficiency and substitution. We also leverage carbon offsetting through a managed carbon sequestration property of native plantings in NSW with a contract in place to receive carbon credits. We have also concentrated on resource recovery, furthering our vision to be a utility that transforms 'wastes' into resources.

We made significant advancements in reducing our waste to landfill, increasing our beneficial reuse and supporting the local circular economy.

In 2020–21 we:

- trialled and launched the use of recycled glass sand as pipe bedding material (see case study in research, development and innovation)
- finalised a trial of water treatment solids, by drying, reusing and composting with green waste to produce a high value landscaping product with superior water holding capacity (see case study)
- developed processes and infrastructure to dry and sort our soil and slurry so we can reuse what was previously un-reusable material, and repurpose it as backfill for our excavations

## CASE STUDY

### Container deposit scheme recycling competition

Icon Water entered into a competition during National Recycling Week with Evoenergy to collect eligible containers and deposit them at Canberra's container deposit scheme recycling depots. The aim was to keep litter off the streets, keep reusable products out of landfill, raise much needed funds for charity, and have some healthy competition amongst friends.

Our team at Icon Water managed to collect 2,857 containers and raise \$285.70 for our charity partner *Abundant Water*. This donation is invaluable to those people who will now be able to have access to clean drinking water. It was a close competition; however, Evoenergy came through at the last minute to win and raised an impressive \$359.60 for men's health in the month of Mo-vement. This was a fantastic effort by everyone.



- encouraged staff to recycle across our offices and collected over 3,500 bottles and cans with proceeds going to charity (see case study).

These initiatives formed our *No Opportunity Wasted* program. Details of the program were highlighted in our *No Opportunity Wasted* publication which we launched on World Environment Day, 5 June 2021 and presented at the Australian Water Association's annual forum OzWater'21 in Adelaide.

Healthy catchments and water bodies are essential to deliver safe drinking water to our customers. The February 2020 Orroral Valley bushfire had a significant impact on the condition of the drinking water catchments, and remedial actions have been taken to reduce threats to the quality of stored water used for drinking water supply and as part of bushfire preparedness for future seasons. In doing so, we have proactively delivered all actions in the *2020–21 Bushfire Operational Plan (BOP)* including bushfire preparedness works around all critical network assets plus many additional works outside of BOP identified items.

The 2020 bushfires severely impacted habitat of the Two-spined blackfish (*Gadopsis bispinosus* – a vulnerable species) in the Cotter, particularly in the upper reaches, with few fish found during 2020 monitoring. Monitoring of this species will next take place in April 2022. Through assessments of bushfire recovery we have seen that river conditions for this species are rapidly improving, and we hope to detect Two-spined blackfish in much greater numbers next year.

We manage a 110 hectare biodiversity offset property at Williamsdale which offsets environmental impacts from our Murrumbidgee to Googong Water Transfer Scheme.

This year we focused on building and maintaining sustainable tracks and trails in natural areas and completed a significant remediation of two large erosion gullies that were releasing material into the Murrumbidgee River, which form part of our Upper Murrumbidgee water supply catchment. In early 2021 we hosted a NSW Local Land Services field day run by Rivers of Carbon on the property, showcasing exemplar natural resource management and demonstrating the standard possible in our drinking water supply catchments.

We also participated in various catchment management forums and community events, to contribute to and influence source water protection on behalf of the community. Through our involvement in the ACT and Region Catchment Management Coordination Group we have continued to assist in the implementation of the *ACT Water Strategy 2014–44*, and *ACT and Region Catchment Strategy*.

## CASE STUDY

### Banksia Award for our No Opportunity Wasted program

Icon Water won not one, but two of the Banksia Foundation's national sustainability awards for our ongoing commitment to sustainability. With the support of many people across our business and in conjunction with several local business partners, our *No Opportunity Wasted* program was awarded both the Large Business and Overall Gold awards.

Our program comprises eight resource recovery initiatives which target varying opportunities for the reuse and recycling of items that would otherwise be considered waste, as well as purchasing upcycled products to minimise use of virgin materials.



## CASE STUDY

### Releasing Macquarie Perch

In November 2020, our aquatic monitoring staff participated in the release of Macquarie Perch broodstock into the upper Murrumbidgee near Cooma, hosted by NSW Local Land Services through the Reaching for Recovery – Macquarie perch program. Macquarie Perch are an endangered species and only fragmented populations persist.

The release program aims to increase genetic diversity of populations to help cope with new environmental threats such as introduced fish and viruses.

Icon Water has contributed extensively over the years to protect Macquarie Perch in the Cotter and Murrumbidgee catchments including the physical modification of barriers and construction of fish passages, environmental flow releases and a comprehensive fish monitoring program.



## CASE STUDY

### Green Waste + Water treatment solids = Compost

A composting trial of our water treatment solids (which is the leftover soil solids, impurities and coagulant mix that remains after the treatment of water) and currently our largest landfilled waste material, mixed with kerbside green waste, has demonstrated a high valued compost product is achievable at commercial scale.

The final products from the trial have been applied to degraded land over the Murrumbidgee to Googong (M2G) pipeline at Williamsdale and to our new plantings at our Fyshwick sewage treatment plant.

We will take regular samples of soil and plant quality over the next six months to demonstrate the efficacy of applying water treatment solids compost to land. The next stage will be to commercialise production of the compost using our water treatment solids to keep them out of landfill and improve our urban green spaces - A win-win-win for the environment!





## SUSTAINABLE DEVELOPMENT PERFORMANCE

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This year we saw a significant reduction (around 40 per cent) in electricity use compared to last year.

This was due to the easing of dry conditions which allowed water to be gravity-fed (downhill) from Bendora Dam rather than pumped uphill from Cotter Dam, and for the mini hydro at Googong Dam to supply Googong Water Treatment Plant with electricity for most of the year.

A project is underway to improve the capability, reliability and energy efficiency of Cotter Pump Station, which is expected to reduce the electricity required to pump water from Cotter Dam in the future.

We were able to generate more than three times more renewable energy than last year due to rainfall allowing the operation of the mini hydro generators for most of the year. The larger solar arrays at Stromlo Water Treatment Plant and LMWQCC were brought online during the previous

financial year so the increased generation this financial year is supported by those arrays having been online for the full 12 months.

We reduced our greenhouse gas emissions by 25 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 the net zero emissions by 2045. A large proportion of this reduction was due to less electricity being used at our NSW sites, and the extra rainfall allowed us to operate the mini hydro generator more often at Googong Dam. We also switched our furnace energy inputs at LMWQCC from fuel oil to a mix of fuel oil and natural gas. While we still need to use some fuel, natural gas produces significantly fewer emissions and contributed considerably to our reduced carbon footprint from previous years.

We continue to reduce paper use across our offices, due to improved technology and communication supporting a paperless culture. This was further influenced by some staff continuing to work from

home during COVID-19 shutdown, resulting in a reduction in the volume of paper and cardboard we recycled.

In 2020-21 our waste service provider installed scales on their comingled waste trucks so were able to provide an accurate weight for bin pickups. In addition, the impact of COVID-19 shutdown and collection and return of eligible drink bottles to the container deposit scheme led to a significant decrease in mixed waste figures.

### Commissioner for Sustainability and the Environment

We provided information to the Commissioner for Sustainability and the Environment regarding the investigation into the state of lakes and waterways in the ACT in March and April 2021.



Table 13: Sustainable development performance

Indicator as at 30 June	Unit	Current FY	Previous FY	Percentage change
<b>Stationary energy usage</b>				
Electricity use	Kilowatt hours	34,755,847	55,485,757	-37.4
Natural gas use (non-transport)	Megajoules	34,483,343	25,241,774	36.6
Diesel use (non-transport)	Kilolitres	10.7	17.6	-39.2
<b>Transport fuel usage</b>				
Electric vehicles	Number	0	0	0
Hybrid vehicles	Number	1	1	0
Hydrogen vehicles	Number	0	0	0
Total number of vehicles	Number	130	133	-2.2
Fuel use – Petrol	Kilolitres	10.4	13.0	-20
Fuel use – Diesel	Kilolitres	401.3	409.7	-2.1
Fuel use – Liquid Petroleum Gas (LPG)	Kilolitres	0.2	0	
Fuel use – Compressed Natural Gas (CNG)	Gigajoules	0	0	0
<b>Water usage</b>				
Water use	Kilolitres	107,975	104,953	2.8
<b>Resource efficiency and waste</b>				
Reams of paper purchased	Reams	541	1,344	-59.7
Recycled content of paper purchased*	Percentage	0%	76%	-100
Waste to landfill	Tonnes	3,122	3,180	-1.8
Co-mingled material recycled	Tonnes	0.85	5.65	-85
Paper & Cardboard recycled (incl. secure paper)	Tonnes	17.95	37.00	-51.5
Organic material recycled**	Tonnes	0	0	0
<b>Greenhouse gas emissions</b>				
Emissions from natural gas use (non-transport)	Tonnes CO2-e	2,229	1,625	38.1
Emissions diesel use (non-transport)	Tonnes CO2-e	30	50	-40
Emissions from transport fuel use	Tonnes CO2-e	1,173	1,203	-2.5
<b>Total emissions***</b>	<b>Tonnes CO2-e</b>	<b>17,587</b>	<b>24,164</b>	<b>-27.2</b>

Table notes:

- Estimates are provided for 2020–21 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.
- Emissions from stationary energy use includes electricity, natural gas, fuel oil, diesel and petrol emissions.
- Total emissions also include fugitive nitrous oxide emissions.

\*While no paper was purchased containing recycled content, 100 per cent of paper was carbon neutral.

\*\* Until March 2020 organic material from Mitchell was composted onsite. The arrangement changed during COVID-19 shutdown and will be captured through a new contract arrangement to be picked up and recycled at a composting facility offsite from early September 2021.

\*\*\* Emissions from grid electricity in the ACT have been assumed to be zero. NGERs emissions factors have been used for NSW grid electricity.

# WATER OPERATIONS

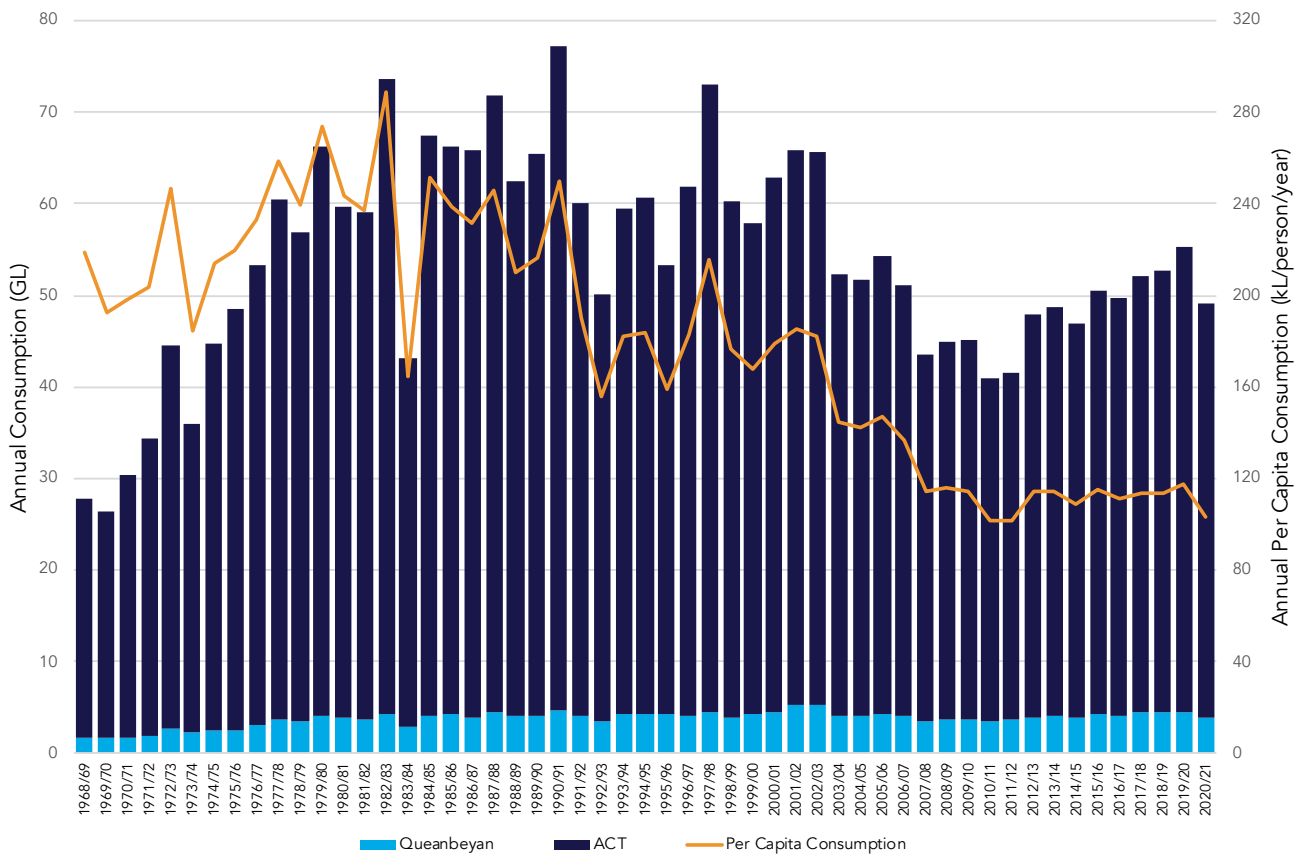
We are committed to providing a safe, secure and sustainable water supply for the people of the ACT and the region for generations to come.

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.

Our combined dam capacity was at 100 per cent of the total 278 GL volume at 30 June 2021 – an increase on the 55.0 per cent capacity recorded at 30 June 2020.

Canberra Airport rainfall for the reporting period totalled 853.4 mm, which was an increase on the previous 12-month period of 446.6 mm.

Figure 4: Annual water consumption for ACT and Queanbeyan





## WATER QUALITY

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We provide over 130 million litres of treated water each day and we take the quality of our drinking water very seriously. Delivering our high standard of water quality in 2020–21 was challenged by the impact of the rapid filling and high inflows into Googong Dam.

This rapid infill brought nutrients and organic matter resulting in an extended duration of Blue Green Algae growth and natural organic matter which affected the taste of the water. Applying a multiple barrier approach to the management of the drinking water supply we selected the best quality

water from Googong and adjusted our treatment processes to maintain 100% adherence with the Australian Drinking Water Quality Guidelines and reduced the effect on taste. The heightened natural organic load increased the frequency of re-chlorination activities required at service reservoirs across the city in order to maintain the disinfection residuals all the way to the customers' tap.

Our approach to managing drinking water supply is consistent with the framework of the Australian Drinking Water Guidelines (2011) and in compliance with the Public Health (Drinking Water) Code of Practice (2007) (the Code). We conduct a comprehensive water quality monitoring program across our supply and distribution systems informing our operational decisions and verifying the quality of the final drinking water. This quality verification is published to the community in our Annual Drinking

Water Quality Report in compliance with the Code. There were seven notifiable events to ACT Health as per the Code during the year; six of these referred to conditions within storage dams prior to abstraction.

We maintained our third-party certification of the Hazard Analysis and Critical Control Point (HACCP)-based risk management system for water quality management. We began the HACCP re-certification process, completing the document-based component in June 2020 and the physical operations component in January 2021. The recertification was issued in May 2021 with no identified issues to be rectified.

# SEWERAGE OPERATIONS

Icon Water has environmental authorisations under the ACT's *Environment Protection Act 1997*, which regulate activities with significant environmental risk.

We performed well managing our operations, achieving compliance with all of the following authorisations:

- Lower Molonglo Water Quality Control Centre
- Uriarra Sewage Treatment Plant
- Cotter Effluent Absorption Facility
- Canberra Sewage network

For the period 2020–21, the Lower Molonglo Water Quality Control

Centre (LMWQCC), Canberra's primary sewage treatment plant processed a total sewage inflow (raw sewerage) of 43GL and discharged 36GL of final effluent (treated water) returned into the Molonglo River. We also recycled approximately 2GL of treated effluent onsite.

We have continued our significant capital investment at LMWQCC, upgrading a number of assets and functional areas over the last 12 months.

## CASE STUDY

### How the wettest year in a decade led to the LMWQCC Bypass Storage Dam spilling for the fourth time in history

2020–21 was the wettest year since 2010–11, with 853.4mm rain recorded at Canberra Airport.

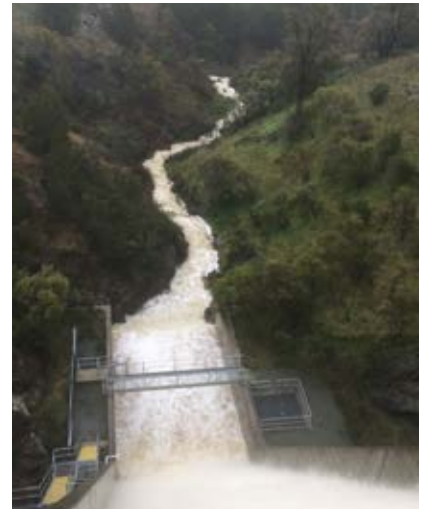
Infiltration of stormwater and groundwater into the sewer network has a large impact on inflows to the sewage treatment plant. In 2020–21, the average daily raw wastewater volume was 22% greater than the previous year.

In August 2020, LMWQCC recorded 113mm of rain. The majority of this rain fell over 2 days, resulting in a peak inflow of almost 5 times (~5000L/s) the usual daily raw wastewater flowrate.

These historic inflows posed a massive challenge to the people and processes at LMWQCC given constraints from COVID-19 risk mitigation measures, capacity restrictions from major solids handling and tertiary filtration upgrades, and lower biological process capacity due to low winter effluent temperatures. Teams from across Infrastructure Services Group (including Network Operations Control, Plant Operations and Maintenance, and Projects) all worked together under significant

time pressure to maximise process capacity, to minimise the volume diverted to the bypass storage dam, spilling 114ML of partially treated effluent to receiving waters. Teams from across Icon Water including Risk and Emergency, Environment and Sustainability, and Communications, provided invaluable support for Incident Management.

Rain kept falling over the rest of August. It is testament to the team at LMWQCC that the bypass storage dam did not spill again, and was empty within one month of the initial wet weather event.



^ View looking down at Bypass Storage Dam Spillway, 9 August 2020



^ View upstream of Bypass Storage Dam wall with dam at capacity, 9 August 2020



## ECONOMIC REGULATION

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### 2020–21 water and sewerage prices

In June 2020 we announced the ‘freezing’ of the combined water and sewerage price for 12 months from 1 July 2020. This means that in 2020–21, customers continued to pay the 2019–20 Tier 1 and Tier 2 usage prices and a combined water and sewerage supply charge at 2019–20 levels. This action was one of several measures put in place by Icon Water to provide some relief to Canberra families and businesses noting the uncertainty at that time.

Icon Water’s maximum prices are set each year by the Independent Competition and Regulatory Commission (ICRC). The price freeze means Icon Water has forgone the maximum price increase determined by the ICRC from 1 July 2020, which would have seen prices increase by 1.5 per cent (or around \$18 per year) for a typical Canberra household using 200kL of water per year. When setting the maximum price each year, the ICRC considers the Consumer Price Index (CPI), market conditions and government charges.

### Independent Competition and Regulatory Commission reviews

As part of the price direction for the 2018–23 regulatory period, the ICRC made a commitment to review three topics that inform our price setting process – incentive mechanisms, the methodology for weighted average cost of capital (WACC) and the methodology for forecasting demand.

#### Regulatory incentive mechanisms review

In August 2020 the ICRC concluded its review of regulatory incentive mechanisms that will apply during the 2023–28 regulatory period. Incentive mechanisms are one way regulated businesses can be encouraged to achieve efficiencies in operational and capital expenditure, or improvements in service quality. The ICRC’s final decision determined that the existing incentive mechanisms for Icon Water have generally been successful, helping drive affordability, service quality and high rates of customer

satisfaction. We agreed with the Commission’s findings that new incentive mechanisms were not necessary at this time.

#### Weighted Average Cost of Capital methodology review

In April 2021 the ICRC concluded its review of the WACC methodology that will apply during the 2023–28 regulatory period. The WACC is used to calculate a benchmark return on capital, which represents the cost of financing capital assets and makes up a component of Icon Water’s prices for water and sewerage services. The ICRC’s final decision maintained many elements of the current WACC methodology, and accepted some refinements proposed by Icon Water. The refinements included a more flexible approach to debt averaging periods, placing more weight on recent estimates of debt raising costs, and adopting a more accurate methodology for forecasting inflation. Overall, the WACC is largely driven by market conditions which are continuously evolving as the Australian economy moves through the COVID-19 pandemic.

## Demand forecast methodology review

In May 2021 the ICRC commenced its review of the methodologies to forecast water and sewerage demand in the ACT for the 2023–28 regulatory period. The demand forecasts play an important role in setting Icon Water's prices, and in planning the investments required to maintain and grow the water and sewerage networks. The ICRC's review provides an opportunity to make sure our forecasting models are working well and are based on the best available information and data. Icon Water's current demand model was introduced in 2018 and has proven to have a strong predictive ability overall. The model has performed well despite changes in water usage when the ACT experienced dry weather conditions during 2018 to 2020, and a period of above average rainfall between 2020 and 2021. We are engaging with the ICRC on its review, which is expected to conclude in late 2021.

## Non-potable water review

In March 2021, the Government commenced a review into water costs for high-intensity club users of non-potable water, with the aim of allowing clubs to maintain operations while not requiring cross-subsidisation from other ACT water users. The review is part of the *ACT Labor and ACT Greens Parliamentary and Governing Agreement for the 10th Australian Capital Territory Legislative Assembly*, and focuses on the impact of non-potable water costs on high-intensity club users (defined to be those licensed to take over 3,000 kilolitres per year).

Icon Water supplies non-potable water (recycled water from LMWQCC) to external users and was therefore part of the review. The review was led by ACT Treasury who engaged the ICRC to investigate Icon Water's prices and costs associated with supplying recycled water to high-intensity club users.

We also provided a separate submission to the review, where we recommended that any future pricing frameworks should remain consistent with both the National Water Initiative (NWI) *Pricing Principles for recycled water and stormwater use (2010)*<sup>1</sup> and the pricing principles outlined by the ICRC in their *Final report: Regulated water and sewerage services price 2018–23*<sup>2</sup>. The submissions closed on 30 April 2021 and were made publicly available in June, although this did not include the ICRC's investigation outcomes. ACT Treasury's final report is expected to be released in July 2021.

A non-potable water rebate was provided to all eligible clubs in 2020–21 while the review was being undertaken. This was subsequently extended for the remainder of the calendar year. One customer has been eligible for the rebate.

1. National Water Initiative (NWI) *Pricing Principles for recycled water and stormwater use (2010)* <https://www.agriculture.gov.au/sites/default/files/sitecollectiondocuments/water/national-water-initiative-pricingprinciples.pdf>

2. ICRC in their *Final report: Regulated water and sewerage services price 2018-23 (2018)* [https://www.icrc.act.gov.au/\\_\\_data/assets/pdf\\_file/0019/1250236/Report-1-of-2018-Final-Report-Water-SewerageServices-2018-23.pdf](https://www.icrc.act.gov.au/__data/assets/pdf_file/0019/1250236/Report-1-of-2018-Final-Report-Water-SewerageServices-2018-23.pdf)

# SERVICES SOURCING STRATEGY

## Corporate Services

- Information communications technology (ICT) physical hardware, computer software systems and supporting technical services
- Emergency contact centre
- Economic regulatory services
- Human resource services
- Tax
- Treasury
- Accounts payable
- Procurement
- Warehouse management
- Fleet management
- Property and security
- Accounting

## Customer Services and Community Support Services

- Meter reading
- Customer billing
- Customer account management
- Customer contact centre
- Accounts receivable and credit management
- Customer data storage and protection
- Community communications
- Corporate communications
- Sponsorship

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).

Both of these 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 is to maintain access to the services we need to operate our business efficiently and effectively, so 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 this project now complete, planning is underway to facilitate the implementation of the sourcing strategy.

In January 2021, we commenced our program to implement the Board approved sourcing strategy for those services covered under existing CSA and CSCSA contracts.

We have released an expression of interest to market related to ICT infrastructure and operations' services. As a follow-up to this, we are preparing to approach the market where we'll request tenders for:

- Information communications technology (ICT) infrastructure and operations' services, and
- Financial information management systems (FIMS).

With respect to the CSCSA, we have largely retained these services as a bundle and a request for proposal has been sought from the incumbent provider. This activity is still pending an outcome as at June 2021.

PHASE 1	PHASE 2	PHASE 3	PHASE 4	POST PROJECT
Project Initiation	Identify the desired future requirements and develop sourcing decision framework	Preliminary assessment of sourcing options	Detailed assessment of sourcing options	Implementation of sourcing strategy
COMPLETED June 2019	COMPLETED August 2019	COMPLETED November 2019	COMPLETED June 2020	STARTED Completion by mid-2023

# INFORMATION AND COMMUNICATIONS TECHNOLOGY

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We relied on information and communications technology (ICT) more than ever during 2020–21 and the COVID-19 pandemic. We supported all staff that could work from home to do so through existing hardware and software technologies and sincerely thank our technology support team who worked tirelessly so staff could continue to be productive.

During 2020–21 we developed the Digital Strategy 2021–28 as a critical enabler of Icon Water's objectives and vision to be a valued partner in our community. The strategy will uplift, optimise and modernise the digital landscape to empower our workforce, maximise asset performance, optimise end-to-end operations and improve customer experience. It has six focus areas and will be delivered over three tranches. During 2020–21 we focused on clearly defining the current state, uplifting core operational technology and automating business processes.

As our technology, information and data landscape has evolved, so has the cyber threat landscape. Over the last year we have commenced implementation of our Cyber Security Strategy and Cyber Security Roadmap to improve our cyber

preparedness and adapt to the cyber threats that may impact Icon Water. Our Cyber Security Strategy is aligned to our business objectives and will implement controls to enhance the security position of our critical information assets. This improves our cyber security maturity now and into the future.

Throughout 2020–21 the Digital Technology Group delivered the following upgrades and new capabilities:

## Enterprise Risk Management platform ('Guardian') upgrade.

This provided much-needed improvements to managing critical risk data, reporting and management (workflows).

## Supervisory Control and Data Acquisition (SCADA) upgrade.

This project delivered comprehensive upgrades to SCADA infrastructure, software and architecture. It also provided significant improvements to SCADA security, reliability and supportability. SCADA is a critical platform for Icon Water, as it provides operations staff the ability to control assets remotely as well as providing real-time systems monitoring, alerting and data collection against key plant and operational assets.

## Time Series Data Repository upgrade.

The project delivered an upgraded, enhanced, highly available and fully supported enterprise data historian platform - a single source for all time-series SCADA

data reporting and analysis. The upgraded repository also combines data from various non-SCADA data sources including the BOM and ALS Hydrographic. Combining multiple, critical data sources provides greatly enhanced decision making and reporting capabilities.

## Fleet Management upgrade.

This project delivered a new fleet management solution, which has improved employee security and safety through vehicle diagnostics and real-time safety alerts. The new solution also provides real-time access to vehicle routes and locations to maximise the deployment of reactive crews and minimise repair times.

We also enhanced the capability of our Works and Asset Management system including the ability to view and execute work directly from the map on a mobile device; an automated scheduling tool; an automated cost centre algorithm; and the migration of planned network maintenance from paper based processes.

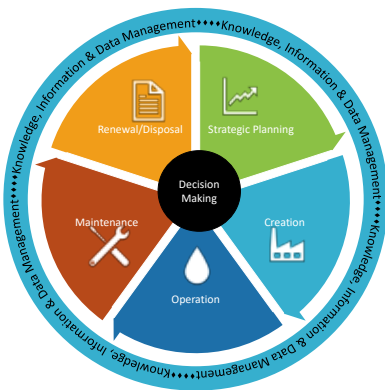
Other ICT projects underway include upgrades to the Water Meter Management System, Geographical Information System (GIS), Trunk Mobile Radio, and the Drawing Management Systems. In addition, we will be trialling digital water metering solutions.



# ASSET MANAGEMENT

Our Asset Management System (AMS) underpins our ability to provide affordable and reliable services to the community. We are committed to continually improving our AMS and asset management capability to align with the international standard AS/NZS55001. See figure 5 below.

Figure 5: Icon Water’s Asset Management System



We have made focused improvements to three of the nine elements include Strategic Planning, Asset Maintenance and Knowledge, Information and Data Management.

2020–21 introduced a number of significant challenges, with the COVID-19 response limiting major transformations. The requirement for mobile and remote access to information and the need to support non-face-to-face interactions reprioritised our improvement actions. The focus on changes in 2020–21 has been on incremental improvements, learning what is possible and what may be needed in the future. This has put us in a position to scope transformations more broadly.

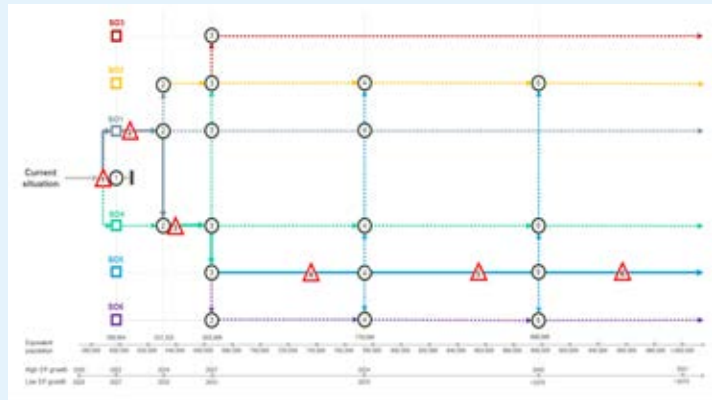
During 2020–21 we continued to improve how we plan and deliver services to the community, as follows:

**1** We participated in industry benchmarking of our asset management practice through WSAA. We had three identified leading practices across emergency management, technical standards and asset management decision making. This assessment was also used to identify future priority improvement areas, with a key focus on improving asset information management.

**2** We have been updating and reviewing our long-term water and sewerage system strategies to incorporate updating 50-year population, climate change forecasts and using adaptive planning to improve our resilience. We’re embedding adaptive responses in our water and sewer systems and currently developing and evaluating actions. Our drought management plan is an example of adopting an adaptive response and learning from recent history. This planning approach keeps alternative options and solutions available until the trigger to confirm a decision is reached.

### Adaptive Planning

We’ve been using pathway mapping to explore how options can be combined to allow us to respond to a changing environment. This includes showing decisions against measures like total population or water storage levels. We can qualitatively compare pathways and assess the trade-offs where particular options allow for adaption or where they eliminate options. This encourages continued investigation into live options, and committing “just in time”. Examples are shown for the Sewage strategy.



**3** We have made improvements to the management of asset data. This includes strengthening the governance of changes to operational manuals and functional specifications; reviewing the future needs of our geospatial information systems; and generating mobile applications which enable remote access to asset and meter data.

4

We have rebuilt our water and sewer hydraulic models with updated customer demand data. This assists in making optimal asset management decisions, including reviewing the need for network augmentations. This is part of our adaptive planning response.

5

Due to COVID-19 we limited face-to-face operations, including closing the front counter of our Mitchell office. This required changes to how we supplied water meters. We shifted to a system where plumbers request meters via an online portal and we deliver the meters directly to them onsite. When the front counter was reopened in January 2021, this process was further refined. This has significantly benefited customers, reduced billing issues, simplified the process for plumbers and front counter staff, and improved the efficiency of our metering team.

**Technology improves water meter inspections**

A water meter Inspection application has been developed within our geographic information system (GIS). The app allows inspectors to bring up a map interface of meter locations on their phone or tablet, navigate to and between them efficiently, and collect controlled information on the compliance of meter installations to standards directly into our asset information system. A live dashboard further supports management and reporting of the inspections. This initiative has led to more efficient feedback and collaboration with developers and plumbers, which in turn has meant higher compliance of water meter installations to standards.



6

We have continued to shift away from a reactive maintenance and operations approach to become more proactive, by expanding our defect elimination and condition monitoring program. This includes broader use of vibration analysis through mobile phone applications and 'Vib Cloud'. This allows for early detection and intervention of asset issues, and therefore reduces the number of unplanned outages. Over time this will improve both customer service levels and efficiency.

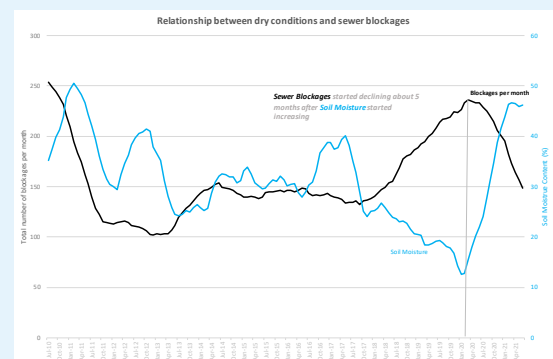
7

We have automated scheduling of high frequency (monthly or more) plant maintenance and operations' activities within our works and asset management system. This has freed operational planners to focus on planning more complex shutdowns. We've also improved the internal visibility of complex shutdown planning by leveraging project planning features available in on our intranet.

8

The variation in rainfall over the last four years has highlighted the impact of extended dry-weather on sewer blockages. As soil moisture continued to decrease up to January 2020 we saw a 70 per cent increase in sewer blockages. Since the higher than average rainfall from March 2020, sewer blockages have substantially declined. See figure 5 below which shows blockage numbers increasing as soil moisture decreases.

**Figure 5: Change in blockages compared to soil moisture content**



# CAPITAL WORKS

In 2020–21 Icon Water invested over \$88.9 million in capital works to grow and improve our water and sewer networks to meet future demand 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 ageing pipes in 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 2020–21 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.

All projects have achieved construction completion except the final centrifuge, which is nearing completion.



**\$74.3m**  
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 two of four filters is complete and work on the third filter commenced in March 2021.



**\$44.2m**  
Estimated total cost at completion

## High voltage asset renewal

The detailed design for the high voltage asset renewal project is nearly complete. Procurement of equipment has been undertaken with generators and switch room complete and awaiting delivery. Construction is expected to start on-site in August 2021.



**\$50.3m**

Estimated total cost at completion

## Other capital works projects

### Water and sewer network renewals

The water and sewer mains rehabilitation programs replace old and damaged pipelines in the water and sewerage networks. This means we can maintain reliable water supply and sewerage services for the Canberra community.

These rolling annual programs continued in 2020–21, with approximately 7.2km of water mains replaced and 19.1km of sewerage main rehabilitation undertaken. Most of this work used pipe bursting, drilling and relining technologies (for sewerage pipes) which minimises disruption to the community as it avoids open trench excavation.



**\$52.4m**

Estimated total cost at completion

### Belconnen truck sewer upgrades

Sewage from Belconnen and Gungahlin 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 current and future population growth. As well as improving capacity, the network will be upgraded to include extra ventilation and odour control units to protect new and existing infrastructure and improve the amenity of existing and future communities.

Detailed design development occurred in 2020–21 and the majority of statutory approvals have been received. Site establishment occurred in March 2021 and construction is progressing.



**\$27.2m**

Estimated total cost at completion

## Water meter and domestic service upgrade program

Our annual water meter and service upgrade program continued in 2020–21. We replaced 8,308 meters during the year (7,684 small and 624 large). Of these, 93 per cent were planned and seven per cent were reactive.

1,938 new meters (small and large) were issued for new building development projects. The total number of meters replaced and issued was 10,246, a seven per cent increase from the previous year.



**\$19.6m**  
Estimated total cost at completion

## Mugga reservoir roof replacement and floor sealing

The Mugga reservoir in Symonston is around 50 years old and its roof structure and purlins needed to be replaced and its floor joints resealed.

Mugga reservoir supplies water to homes, schools and businesses in Symonston and 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 were completed in November 2020.



**\$7.4m**  
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 Mount Stromlo WTP; it can also perform primary water treatment during Stromlo WTP 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 WTP have been in service since 1978 and are being upgraded to ensure they continue to remove solids and other contaminants from raw water.

Construction work on the first two clarifiers was completed in October 2020, followed by a scheduled project pause for around six months surrounding the summer season to make sure the plant was fully functional when our community uses the most water.

The renewal of the remaining two clarifiers has commenced and is progressing well. Commissioning is planned to commence in September 2021.



**\$14.5m**  
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 'water on' was achieved in June 2021 via the Southern reservoir. The commissioning of the Northern reservoir is planned for July 2021.



**\$10.2m**  
Estimated total cost at completion

### Sewage pumping station renewals

This project involves refurbishing seven of the 27 sewage pumping stations in our network.

The scope includes renewing mechanical and electrical assets, ventilation systems and upgrading general site access.

It will ensure these critical facilities are brought up to current standard and can continue to meet efficiency, reliability and safety objectives.



**\$8.3m**  
Estimated total cost at completion



CORPORATE  
GOVERNANCE AND  
ACCOUNTABILITY

## 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 2021, 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 90 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 2021 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 three times.

The Risk and Assurance Committee members are Carol Lilley (Chair), Brett Tucker (Member) and Helen Locher (Member).

At 30 June 2021 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.

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 Deputy Chair 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 the Audit Committee for Transport Canberra and City Services Directorate and she also has various governance roles for Commonwealth Government entities (including as a Member of the Audit & Risk Committees 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 has undertaken multiple roles prior to his appointment as Managing Director in November 2018. 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.

Mr Hezkial has a Master of Business Administration, Diploma in Project Management, and Bachelor of Engineering (Civil). Mr Hezkial is a Member of the Institute of Engineers Australia and of the Australian Institute of Company Directors.



**RAY HEZKIAL**

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



**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 a Member of the ActewAGL Partnerships Board, and held the role as Chair from 19 December 2018 until 2 October 2020. 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, and 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. He 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 a Member of the Northern Territory Planning Commission, a Member of the University of Wollongong's SMART Infrastructure Advisory Council, 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 strategic and statutory land use and infrastructure planning across all levels of government. She has headed the Federal Government's Major Cities Unit, was Deputy Director-General of the Western Australia Department Planning and Infrastructure, and of particular relevance to Icon Water, formerly held the role of Director-

General of the ACT Environment, Planning and Sustainable Development Directorate (2013–2017) where she was responsible for energy and water policy and programs, as well as urban planning.

Ms Ekelund has considerable experience in environmental policies and management, including climate change mitigation and adaptation action. Her experience in energy includes membership of the Council of Australian Governments (COAG) Energy Senior Officials and oversight of significant policy initiatives and investment in renewables which led to the ACT sourcing 100% of its electricity from renewable sources. 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.



**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.

Dr Locher 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



## PETER DENNIS

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

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. He 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 holding 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.

## Company Secretary

### ALISON PRATT

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

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 Graduate of the Australian Institute of Company Directors.

## THE EXECUTIVE

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Ray Hezkial was appointed as a Member of the Boards of Icon Water Limited, Icon Distribution Investments Limited and Icon Retail Investments Limited in November 2018. Mr Hezkial is 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, 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.

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.

In his previous role as General Manager, Infrastructure Services, Mr Hezkial was responsible for managing Icon Water's capital works program as well as all aspects of network operations and day to day maintenance for the ACT's water and sewer reticulation systems. Before this, Mr Hezkial was the Project Manager for enlarging the Cotter Dam. Mr Hezkial has a Master of Business Administration, Diploma in Project Management, and Bachelor of Engineering (Civil). He is a Member of Engineers Australia and is a Member of the Australian Institute of Company Directors.

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 Graduate of the Australian Institute of Company Directors.



**RAY HEZKIAL**

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



**JOY YAU**

Chief Financial Officer  
BA (Hons), CA, GAICD



**DAVINA MCCORMICK**

General Manager Customer Engagement  
BBus (Majors) Marketing and Management, MBA, Cert Public Participation

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.



**GERARD BRIERLEY**

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

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.

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 Graduate of the Australian Institute of Company Directors.



**ALISON PRATT**

General Counsel  
B.Ec, LLB (Hons), GDLP, GAICD

Tony Pollock is responsible for setting and implementing Icon Water's technology and digital strategies. He leads the Digital Technology Group, which is responsible for the development and operation of our information, communications and operational technology.

Dr Pollock has 20 years experience in strategic planning, program management, business change, and ICT development and operations in both the public and private sectors.

Before joining Icon Water, Dr Pollock held several senior executive positions in Defence and National Security, initiating and implementing large scale digital programs and significant operational capability for the Australian government.

Prior to this, Dr Pollock held a number of roles developing and commercialising emerging technologies across the telecommunications, health and energy sectors.

Dr Pollock holds a PhD in Engineering, a Bachelor of Engineering with Honours, a Bachelor of Science and an Advanced Diploma of Project Management.



**DR TONY POLLOCK**

Chief Technology Officer  
PhD (Engineering), BEng (Hons), BSc

# BOARD AND SENIOR EXECUTIVE REMUNERATION

The Voting Shareholders determine remuneration for Icon Water Board Directors. Board Committee members and Directors of Icon Distribution Investments Limited and Icon Retail Investments Limited are not remunerated.

The Board meets as the Remuneration Committee to discuss the remuneration of the Managing Director.

The remuneration framework for determining Senior Executive remuneration includes evaluations of each executive role, conducted by an independent remuneration consultant with specialist expertise in the utilities sector. As part of these evaluations, the independent expert also conducts remuneration benchmarking, which contributes to decision-making on Senior Executive remuneration.

Table 14: Board and Senior Executive remuneration 2020–21

	Short-term employee benefits		Post-employee benefits	Other long-term benefits	Total remuneration \$
	Salary & fees \$	Non-monetary benefits \$	Superannuation <sup>(4)</sup> \$	Employee entitlements \$	
<b>Board Directors</b>					
Wendy Caird <i>Non-Executive Director, Chair</i>	81,137	550	10,548	-	92,235
Carol Lilley <i>Non-Executive Director, Deputy Chair</i>	64,911	-	8,438	-	73,349
Dr Thomas Parry AM <i>Non-Executive Director</i>	40,536	-	5,270	-	45,806
Brett Tucker <i>Non-Executive Director</i>	40,536	550	5,270	-	46,356
Dorte Ekelund <i>Non-Executive Director</i>	40,536	-	5,270	-	45,806
Dr Helen Locher <i>Non-Executive Director</i>	40,536	-	5,270	-	45,806
Peter Dennis <i>Non-Executive Director</i>	40,536	-	5,270	-	45,806
<b>TOTAL BOARD DIRECTORS REMUNERATION</b>	<b>348,728</b>	<b>1,100</b>	<b>45,336</b>	<b>-</b>	<b>395,164</b>
<b>Senior Executives<sup>(1)</sup></b>					
Ray Hezkial <sup>(2)</sup> <i>Managing Director</i>	525,331	6,555	25,096	16,201	573,183
Davina McCormick <sup>(2)</sup> <i>General Manager Customer Engagement</i>	299,885	3,382	29,740	4,741	337,748
Joy Yau <i>Chief Financial Officer</i>	336,857	4,069	25,144	9,799	375,869
Gerard Brierley <i>General Manager Infrastructure Services</i>	322,416	3,393	25,144	4,966	355,919
Alison Pratt <i>General Counsel</i>	319,152	3,919	25,144	8,663	356,878
Dr Tony Pollock <sup>(3)</sup> <i>Chief Technology Officer</i>	314,112	3,041	25,529	-	342,682
<b>TOTAL SENIOR EXECUTIVE REMUNERATION</b>	<b>2,117,753</b>	<b>24,359</b>	<b>155,797</b>	<b>44,370</b>	<b>2,342,279</b>

Note references:

- (1) In accordance with the requirements of the *Territory-owned Corporations Act 1990*, only the five most highly remunerated officers (other than directors) are individually disclosed.
- (2) Ray Hezkial and Davina McCormick utilised their excess recreation leave balances during this financial year which has been offset from their salary and fees payment.
- (3) Tony Pollock commenced employment as Chief Technology Officer on 27 July 2020.
- (4) Superannuation is calculated on an accrual basis. Superannuation contributions are generally made in accordance with tax concession guidelines. From a cash perspective, Davina McCormick contributes above the \$25,000 tax concession limit.





## RISK MANAGEMENT

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Enterprise and key risks are reported regularly to the Board and the Board's Risk and Assurance Committee. Ongoing reviews of risks, ratings and controls (including critical controls) are undertaken by responsible business areas as part of core business.

The risk management framework outlines mandatory risk assessments for a number of key business activities to identify and manage new and emerging risks. Risk assessments are required to be documented, regularly monitored and reviewed.

Open source publications and research data is also reviewed to stay across emerging topics. The centralised risk management function allows us to maintain consistency in risk approach methodology, adequate oversight of key risks and alignment with the risk management standard.

Our key risks align to our enterprise risk themes, which include:

- People and culture
- Customer and community
- Information and data
- Management of critical infrastructure
- Climate change
- Safety
- Financial
- Regulation/Legislation/Government



## 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 removing vegetation 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 2020–21 saw bushfire fuel hazard reduction works completed at major treatment plants, water mains, service reservoirs, pump stations, power lines and other critical assets. In total, 54 planned hazard reduction works were scheduled and completed during 2020–21.

This year we have also:

- developed our 2021–22 BOP which includes 59 bushfire hazard reduction activities
- reviewed bushfire scenarios and environmental conditions
- undertaken preparedness for the upcoming season
- completed the 2020–21 BOP and 54 hazard reduction activities.

A number of employees have also been trained in basic wildfire awareness, which improves staff safety and strengthens interoperability with fire agencies during bushfire response and recovery operations.

## EMERGENCY AND CONTINUITY MANAGEMENT

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We have an emergency and continuity management framework that includes a range of plans and related documentation, training, review mechanisms 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.

In 2020–21 we conducted ten emergency or continuity management exercises. Exercise scenarios covered a range of issues and were designed to adequately test plans, documentation, awareness and processes, should an incident occur. We then documented lessons for each exercise so we can improve our emergency and continuity management preparedness, processes and capabilities.

We also managed 17 emergency or continuity incidents for the business including ongoing planning to minimise the impact of the COVID-19 pandemic on the business.

As part of our ongoing continuous improvement, we continue to invest in our response and recovery capability through ongoing training of staff in various emergency and continuity management processes.

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.

## INTERNAL AUDIT

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

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

Icon Water's three-year internal audit strategy is supported by our annual internal audit program. This program incorporates a broad range of internal audits including 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 2020–21 is provided in the Financial Reports.

In accordance with our internal audit methodology, we report 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.

# TERRITORY RECORDS MANAGEMENT

## Records Management Program

The Icon Water Records Management Program (Program) is currently under review and is scheduled to be submitted to the Director of Territory Records by Quarter 1 of 2021–22. The program can be viewed on our website.

## Records management practices and capabilities

All business records are maintained within a SharePoint Online collaboration site and/or in identified IT systems. These collaboration sites have been integrated with Records365 and are referred to as RecordKeeper sites.

A business classification scheme and records disposal schedules that are relevant to Icon Water have been identified and implemented in Records365 based on the revised disposal schedules as listed in table 15.

Initiatives planned for the coming reporting period include:

- a review of the Records Management framework to align with the Territory Records Office's (TRO) revised records management program
- commencement of the disposal process of business records; and
- a completion of the Recordkeeping Maturity Assessment in conjunction with the TRO.

## Recordkeeping maturity assessment

We have not completed a recordkeeping maturity assessment in conjunction with the TRO during the reporting period.

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

## FRAUD PREVENTION

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Our *Fraud Control Plan* includes a range of measures to prevent, detect and respond to incidents of fraud, corruption and unethical behaviour.

The plan and comprehensive fraud risk assessment are reviewed regularly. Fraud prevention in Icon Water includes formal fraud awareness training which is conducted biennially.

Icon Water's induction process also includes fraud awareness training for all new staff and contractors. During 2020–21, no allegations of fraudulent activity were identified.

## 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).

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

We provide phone and online service to communicate with the community, as well as other forms of public interaction and engagement, including sponsorships and customer satisfaction surveys. We also carry out a broad range of education activities with groups in the 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) of documents including 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 our website or available under open access information [iconwater.com.au/FOI](http://iconwater.com.au/FOI). Where documents are not available on our website, we 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

Alternatively, by contacting Icon Water by email via [talktous@iconwater.com.au](mailto:talktous@iconwater.com.au) or by phone on 02 6248 3111.

### FOI requests 1 July 2020 to 30 June 2021

Icon Water received four requests for access to documents under section 30 of the FOI Act 2016 during the reporting period. Of these, two requests were from insurance companies on burst water mains, one request from an ACT Member of the Legislative Assembly, and one request from a member of the public. Access to documents was granted for all four applications, aside from the removal of the names of staff members and members of the public for privacy reasons. Three of the applications were processed within the required timeframes, with one application addressed four days late. All applications were processed 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.

# HUMAN RIGHTS ACT

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Icon Water's Code of Conduct and related procedures outline our 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.

## MODERN SLAVERY

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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 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.

We have approximately 2,500 suppliers. The majority of these are Australian-based companies, however many engage staff and procure products from overseas. We set up a modern slavery working group with staff from key areas across our business. We developed an approach and activities which focus on improving and addressing modern slavery across our policies and publications; training and capacity building; and supply chain due diligence, for our first reporting period and future phases.

We published our first modern slavery statement which provides information regarding our activities, in December 2020. The modern slavery working group has since been meeting to progress activities

for its second reporting year. Key activities and achievements in 2020–21 include:

- A public webpage was launched outlining Icon Water's modern slavery principles for staff and suppliers in December 2020.
- Icon Water's modern slavery statement – *Addressing modern slavery risks in our business* – was promoted via the webpage. Between December 2020 and March 2021 there were over 21,000 unique visitors to this page.
- We continued to integrate modern slavery avoidance elements through our procurement processes.
- Labour hire contract templates were updated to incorporate modern slavery obligations.
- Our staff undertake mandatory training on how to recognise and tackle modern slavery in the workplace and supply chain. This year we extended that training to office contractors as part of their on-boarding training material.

- A process has been established to evaluate and respond to modern slavery cases, should any arise. To date, no incidents have been reported through the business or supply chain.

We recognise there is further work to do and will continue to evolve as we learn from our risks and investigations into potential incidents.

## 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.

We are committed to upholding core values and ethical and lawful conduct in all aspects of our business. We encourage reporting and are committed to ensuring that people can raise genuine concerns about suspected wrongdoing in a manner that is supported and without fear of reprisal.

Our Whistleblower Policy is published on our website and any disclosures will be managed in accordance with the *Public Interest Disclosure Guidelines 2019* issued by the Commissioner, as adopted by Icon Water.

## LEGAL SERVICES DIRECTIONS

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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> 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> 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 requirements.</p>	<p>Further information on the services contracts and the activities underway to support expiry in 2023 are available on Icon Water's website.</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 completed, planning is now underway to facilitate the implementation of the sourcing strategy.</p>	In progress

## AUDITOR-GENERAL AND OMBUDSMAN REPORTS

### ACT Auditor-General's report 2019–20 Financial Audits Financial Results and Audit Findings Report No. 10/2020

Recommendation No. and Summary	Action	Status
<p>Two new audit findings were identified in 2019–20 relating to controls for:</p> <p>User access reviews for Icon Water's works and asset management system to check that access rights align with the job responsibilities of users. While periodic user access reviews were performed for privileged users, the reviews were not performed for all other users. This increases the risk of unauthorised access to the system. Icon Water agreed to address this audit finding and advised that it will perform periodic user access reviews, using a risk-based approach, for all users. Icon Water advised it has now implemented a control to periodically check all user access.</p> <p>Segregation of duties for developing and implementing changes in the works and asset management system. Some users have access to both develop changes to the system and implement them which means changes can be implemented without testing and approval. Further, there is no formal monitoring of changes to detect whether these users have made unauthorised changes to the system. This increases the risk that unauthorised changes will be made to the system.</p>	<p>Icon Water agreed to address this audit finding and advised that it will perform periodic user access reviews, using a risk-based approach, for all users.</p> <p>We have now implemented a control to periodically check all user access.</p> <p>Icon Water agreed to address this audit finding and advised that it has now implemented a control to periodically check that changes were approved in line with its change management process.</p>	<p>Completed</p> <p>Completed</p>

### Ombudsman reports

There were no Ombudsman reports relating to Icon Water during 2020–21.





**FINANCIAL  
REPORTS**

# FINANCIAL MANAGEMENT ANALYSIS

The following financial information is based on audited Financial Statements for 2020-21 and comparatives for the 2019-20 financial year.

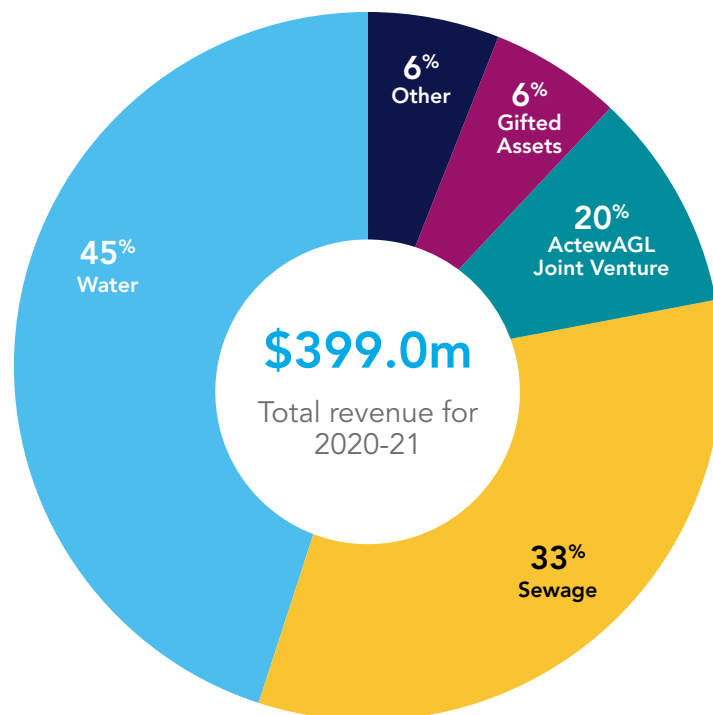
## Operating Result

Icon Water recorded a net profit after tax for the year 2020-21 of \$66.8m (2019-20: \$80.3m).

The result was driven by reduced revenue related to lower water consumption and reduced joint venture income offset partially by lower operating expenditure. The decline in water consumption is primarily driven by the increased rainfall throughout the year and we made the decision to freeze the combined water and sewerage price for 12 months as part of the COVID-19 measures. The joint venture revenue was primarily driven by the results from the Distribution business related to feed in tariffs and low temperatures in traditionally warmer months impacting on volumes.

## Total Revenue

During 2020-21 Icon Water derived \$399.0m in revenue and joint venture income. The components of this are depicted in the following graph:

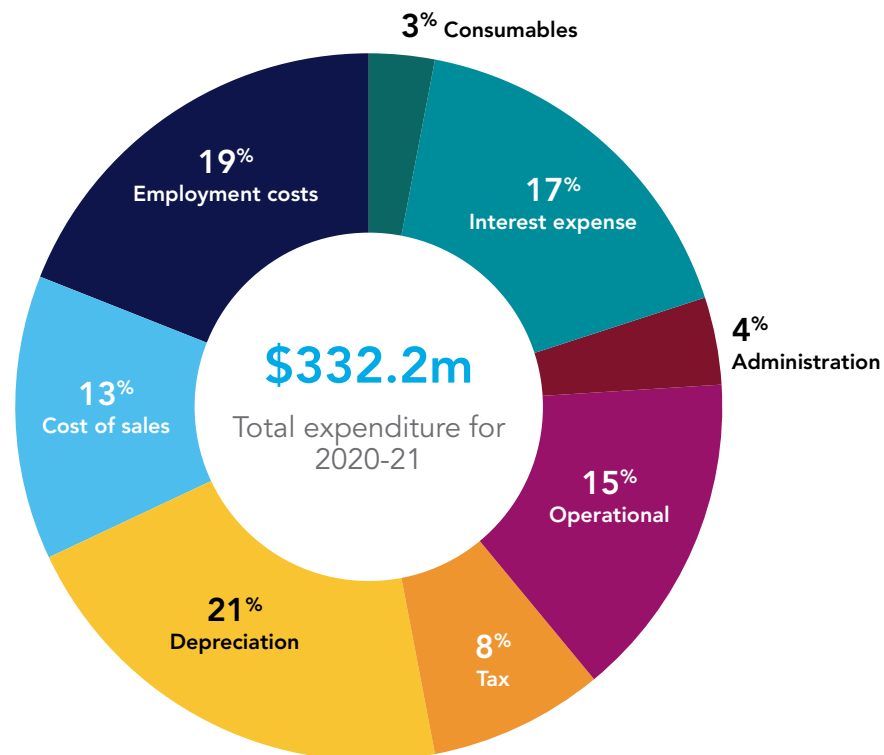


### Comparison to 2019–20 Total Revenue

Total revenue of \$399.0m was \$43.5m lower than 2019-20. The main factor was the decrease in water revenues of \$29.4m attributable to increased rainfall coupled with price freezes. Joint venture income was \$16.3m lower than the prior year which was mainly attributable to feed in tariffs. The decline in revenue was offset by a fair value gain of \$6.8m recorded on the Fyshwick investment property which is classified as other income in accordance with the prescribed accounting treatment.

## Total Expenditure

During 2020-21 Icon Water incurred \$332.2m in expenditure. The components of this are depicted in the following graph:



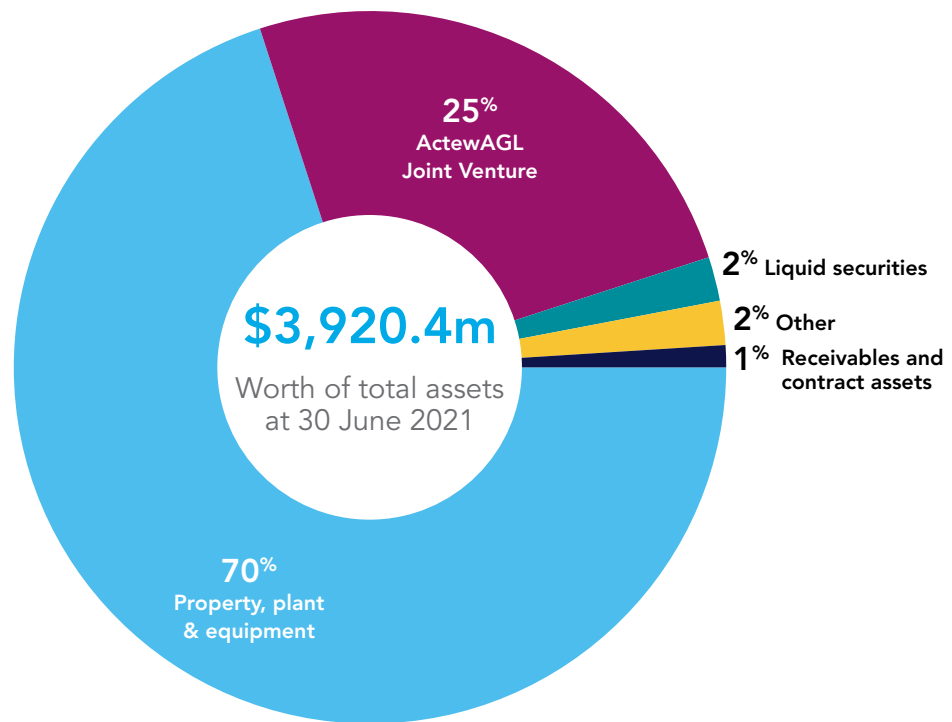
### Comparison to 2019-20 Total Expenditure

Total expenditure was \$30.0m lower than 2019-20 mainly due to the following factors:

- Lower finance costs of \$12.1m due to the lower consumer price index which is linked to indexed bonds within the borrowings portfolio;
- Lower operational expenditure of \$8.7m predominantly due to a lower utilities network facilities tax of \$2.8m resulting from the lower water consumption, decreased electricity costs of \$3.5m and decreased equipment hire costs of \$2.8m; and
- Lower income tax equivalents expense of \$9.4m resulting from the reduction in profit compared to the prior year.

## Assets

Icon Water has \$3,920.4m in assets at 30 June 2021. The components are as depicted in the following graph:

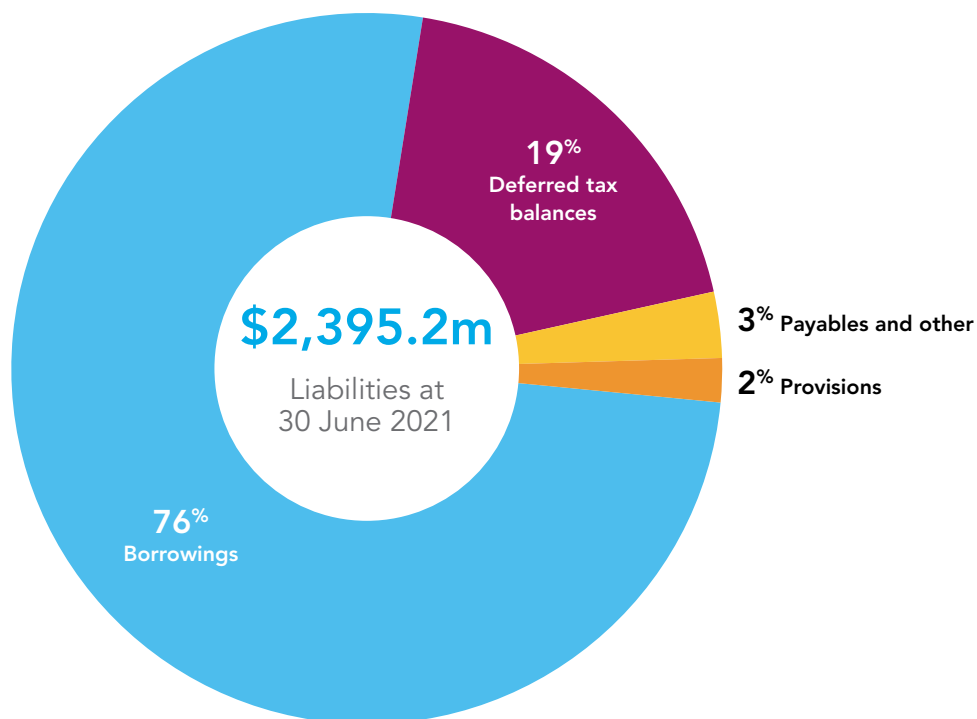


The major components are as follows:

- Property, plant and equipment totalling \$2,726.5m mainly consisting of Icon Water's water and sewerage infrastructure assets; and
- Investment of \$967.9m in the ActewAGL Joint Venture partnerships, consisting of two separate businesses, energy retailing and distribution.

## Liabilities

Icon Water has \$2,395.2m in liabilities. The components are as depicted in the following graph:



The major components are as follows:

- Outstanding borrowings at 30 June 2021 are \$1,832.2m, an increase of \$49.2m this year; and
- Deferred tax liability at 30 June 2021 of \$445.2m. This amount is mainly due to the tax effect of revaluation adjustments to the fair value of water and sewerage infrastructure assets, the infrastructure assets held within the investment in ActewAGL Joint Venture partnerships and the Fyshwick investment property.

## Payments to the ACT Government

Payments to the ACT Government during 2020-21 included a dividend of \$30.2m and income tax equivalent payments of \$17.1m.



**Icon Water Limited and  
Controlled Entities**

ABN 86 069 381 960

General Purpose

**ANNUAL REPORT**

For the year ended  
30 June 2021

# Icon Water Limited and Controlled Entities

ABN 86 069 381 960

Annual Report for the year  
ended 30 June 2021

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## Directors' report

The directors present their report on the consolidated entity (referred to hereafter as 'the Group' or 'Icon Water'), consisting of Icon Water Limited and its controlled entities for the year ended 30 June 2021.

### 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 Deputy Chair 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 the Audit Committee for Transport Canberra and City Services Directorate and she also has various governance roles for Commonwealth Government entities (including as a Member of the Audit & Risk Committees 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 a 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 has undertaken multiple roles prior to his appointment as Managing Director in November 2018. 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.

Mr Hezkial has a Master of Business Administration, Diploma in Project Management, and Bachelor of Engineering (Civil). Mr Hezkial is a Member of the Institute of Engineers Australia and of the Australian Institute of Company Directors.

### 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 a Member of the ActewAGL Partnerships Board, and held the role as Chair from 19 December 2018 until 2 October 2020. 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.

## 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, and 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. He 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 a Member of the Northern Territory Planning Commission, a Member of the University of Wollongong's SMART Infrastructure Advisory Council, 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 strategic and statutory land use and infrastructure planning across all levels of government. She has headed the Federal Government's Major Cities Unit, was Deputy Director-General of the Western Australia Department Planning and Infrastructure, and of particular relevance to Icon Water, formerly held the role of Director-General of the ACT Environment,

Planning and Sustainable Development Directorate (2013–2017) where she was responsible for energy and water policy and programs, as well as urban planning.

Ms Ekelund has considerable experience in environmental policies and management, including climate change mitigation and adaptation action. Her experience in energy includes membership of the Council of Australian Governments (COAG) Energy Senior Officials and oversight of significant policy initiatives and investment in renewables which led to the ACT sourcing 100% of its electricity from renewable sources. 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

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.

Dr Locher 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

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. He 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 holding 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

### Alison Pratt

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

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 Graduate of the Australian Institute of Company Directors.

## Meetings of directors

The table below details the number of Board and Committee meetings held and attended by directors during the year ended 30 June 2021.

	Icon Water Board		Risk and Assurance Committee		Remuneration Committee	
	A	B	A	B	A	B
<b>Managing Director</b>						
Ray Hezkial	8	8	-	-	3	3
<b>Non-Executive Directors</b>						
Wendy Caird	7	8	-	-	2	3
Carol Lilley	8	8	5	5	3	3
Dr Thomas Parry AM	7	8	-	-	3	3
Brett Tucker	8	8	5	5	3	3
Dorte Ekelund	8	8	-	-	3	3
Dr Helen Locher	8	8	5	5	3	3
Peter Dennis	8	8	-	-	3	3

A = Number of meetings attended

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

## Principal activities

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

	2021 \$'000	2020 \$'000
Revenue from contracts with customers, other income and finance income	357,494	384,726
Share of net profit from ActewAGL partnerships	41,539	57,805
Total revenue and share of net profit from ActewAGL partnerships	399,033	442,531
Profit before income tax equivalents expense	94,502	117,338
Income tax equivalents expense	(27,665)	(37,046)
Profit for the year	66,837	80,292
<b>Payments to the ACT Government</b>		
Interim dividend for current year profit	26,055	47,151
Final dividend for previous year profit	4,127	11,340
	30,182	58,491
Income tax equivalents payments	17,135	45,352
<b>Total payments to the ACT Government</b>	<b>47,317</b>	103,843

## Dividends

Since the end of the financial year, the directors have declared a final dividend of \$15.1 million to be paid from retained profits as at 30 June 2021.

### Significant changes in the state of affairs

There have been no significant changes in the state of affairs of Icon Water during the year ended 30 June 2021.

### Matters subsequent to the end of the financial year

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial periods.

### Likely developments and expected results of operations

The proposed formation of ActewAGL New Energy Pty Ltd reported as a likely development in the prior year did not eventuate. This outcome, including the rationale, has been communicated to Icon Water's shareholders.

### Regulation and licence compliance

#### License to provide water and sewerage services

Icon Water must comply with the obligations set out in the Licence to provide water and sewerage services, which was issued by the Independent Competition and Regulatory Commission (ICRC) under the *Utilities Act 2000* on 1 March 2021. The licence requires compliance with all laws. Icon Water has maintained compliance with the licence during the year ended 30 June 2021.

#### 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	
	2020-21	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. During the financial year, Icon Water materially complied with all requirements in respect to these licenses and associated legislation. There have been no recorded incidents of non-compliance with laws or regulations which has resulted in the issuance of directions, sanctions or fines to Icon Water.

#### 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 2019-20 annual report to the EPA on 31 October 2020. Icon Water complied with the requirements of the licence throughout 2020-21. Icon Water provided monthly reports to the EPA detailing compliance with the environmental flow requirements.

## Regulation and licence compliance (continued)

### 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 2020-21. Icon Water complied with the requirements of the licence throughout 2020-21.

### Insurance of officers and directors

During the year, Icon Water paid a premium of \$207,143 (30 June 2020: \$162,203) in respect of a contract insuring the directors and officers of Icon Water Limited 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 2020-21 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 12.

### Rounding of amounts

Icon Water Limited 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 the 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.



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Wendy Caird  
Chair

Kangaroo Valley  
31 August 2021



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Ray Hezkial  
Managing Director

Canberra  
31 August 2021



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Carol Lilley  
Risk and Assurance Committee, Chair

Canberra  
31 August 2021



## 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 2021 which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated 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 Group's financial position as at 30 June 2021, 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**

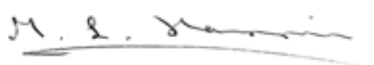
My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

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  
3 September 2021

**Auditor's independence declaration  
under Section 307C of the  
*Corporations Act 2001***

In relation to the audit of the special purpose financial report of the Icon Water Ltd for the year ended 30 June 2021, 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.

This declaration is in respect of the Icon Water Ltd and the entities it controlled during the period.



Michael Harris  
Auditor-General  
3 September 2021

## Consolidated statement of profit or loss and other comprehensive income

	Note	2021 \$'000	2020 \$'000
Revenue from contracts with customers	3a	348,148	379,177
Cost of providing goods and services	4b	(247,107)	(255,902)
Other income	4a	9,128	2,594
<b>Operating profit</b>		<b>110,169</b>	125,869
Finance income	4c	218	2,955
Finance costs	4c	(56,988)	(69,062)
<b>Net finance costs</b>		<b>(56,770)</b>	(66,107)
Impairment loss		(436)	(229)
Share of net profit of joint venture partnerships accounted for using the equity method	8c	41,539	57,805
<b>Profit before income tax equivalents expense</b>		<b>94,502</b>	117,338
Income tax equivalents expense	5a	(27,665)	(37,046)
<b>Profit for the year</b>		<b>66,837</b>	80,292
<b>Other comprehensive income</b>			
Revaluation of plant and equipment assets in the ActewAGL investment	8c	(86,616)	-
Property, plant and equipment revaluation increment	8d	84,272	-
Income tax relating to components of other comprehensive income	5a	703	-
<b>Items that will not be reclassified subsequently to profit or loss</b>	9b	<b>(1,641)</b>	-
<b>Total comprehensive income for the year</b>		<b>65,196</b>	80,292
<b>Total comprehensive income is attributable to:</b>			
Owners of Icon Water Limited and Controlled Entities		<b>65,196</b>	80,292

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

## Consolidated balance sheet

	Note	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7a	80,122	49,036
Trade and other receivables	7b	35,546	34,429
Contract assets	3b	21,477	21,824
Prepayments	8a	5,342	4,791
Inventories	8b	4,337	4,346
Current tax receivable		4,249	1,906
<b>Total current assets</b>		<b>151,073</b>	<b>116,332</b>
<b>Non-current assets</b>			
Other receivables	7b	140	-
Prepayments	8a	5,317	8,127
Investments accounted for using the equity method	8c	967,944	1,043,771
Property, plant and equipment	8d	2,726,527	2,586,716
Right-of-use assets	8e	7,424	9,617
Investment property	8f	18,750	12,000
Intangible assets	8g	43,264	46,361
<b>Total non-current assets</b>		<b>3,769,366</b>	<b>3,706,592</b>
<b>Total assets</b>		<b>3,920,439</b>	<b>3,822,924</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7c	51,496	51,169
Contract liabilities	3b	9,216	7,118
Lease liabilities	8e	2,822	2,860
Provisions	8h	38,429	31,233
<b>Total current liabilities</b>		<b>101,963</b>	<b>92,380</b>
<b>Non-current liabilities</b>			
Borrowings	7d	1,832,198	1,782,991
Lease liabilities	8e	4,646	6,645
Provisions	8h	8,154	5,609
Contract liabilities	3b	3,021	1,081
Deferred tax balances	8i	445,185	433,015
<b>Total non-current liabilities</b>		<b>2,293,204</b>	<b>2,229,341</b>
<b>Total liabilities</b>		<b>2,395,167</b>	<b>2,321,721</b>
<b>Net assets</b>		<b>1,525,272</b>	<b>1,501,203</b>
<b>EQUITY</b>			
Share capital	9a	758,871	758,871
Reserves	9b	519,127	520,768
Retained profits		247,274	221,564
<b>Total equity</b>		<b>1,525,272</b>	<b>1,501,203</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

## Consolidated statement of cash flows

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		331,790	354,787
Payments to suppliers and employees (inclusive of GST)		(177,316)	(186,327)
		154,474	168,460
Interest received		223	3,059
Income tax equivalents paid		(17,135)	(45,352)
Interest paid		(58,333)	(72,466)
<b>Net cash inflow from operating activities</b>		<b>79,229</b>	53,701
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(88,429)	(95,807)
Payments for intangible assets		(4,357)	(10,182)
Proceeds from sale of assets		34	5
Distributions received from joint venture partnership	8c	30,750	45,750
Proceeds from cash investments		-	10,000
<b>Net cash (outflow) from investing activities</b>		<b>(62,002)</b>	(50,234)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		49,834	376,135
Repayment of borrowings		(2,543)	(324,011)
Dividends paid	6	(30,182)	(58,491)
Payment of lease liabilities		(3,250)	(2,764)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>13,859</b>	(9,131)
<b>Net increase in cash and cash equivalents</b>			
		31,086	(5,664)
Cash and cash equivalents at the beginning of the financial year		49,036	54,700
<b>Cash and cash equivalents at end of the financial year</b>	7a	<b>80,122</b>	49,036

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

	Attributable to the owners of Icon Water Limited and Controlled Entities				Total equity \$'000
	Note	Share capital	Asset revaluation reserve	Retained profits	
		\$'000	\$'000	\$'000	
<b>Balance at 1 July 2019</b>		758,871	520,768	192,550	1,472,189
Profit for the year		-	-	80,292	80,292
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	80,292	80,292
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>		758,871	520,768	221,564	1,501,203
<b>Balance at 1 July 2020</b>		758,871	520,768	221,564	1,501,203
Profit for the year		-	-	66,837	66,837
Other comprehensive income		-	(1,641)	-	(1,641)
<b>Total comprehensive income for the year</b>		-	<b>(1,641)</b>	<b>66,837</b>	<b>65,196</b>
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	6	-	-	(41,127)	(41,127)
<b>Balance at 30 June 2021</b>		<b>758,871</b>	<b>519,127</b>	<b>247,274</b>	<b>1,525,272</b>

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

## Notes to the financial statements

### 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:

- (a) 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.
  - (b) Analysis and sub-totals, including segment information.
  - (c) Information about estimates and judgements made in relation to particular items are included in the notes to the financial statements.
1. Significant accounting policies
  2. Segment information
  3. Revenue from contracts with customers
  4. Other income and expense items
  5. Income tax equivalents expense
  6. Dividends
  7. Financial assets and liabilities
  8. Non-financial assets and liabilities
  9. Equity
  10. Remuneration of auditors

### 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 the Group's interests in joint ventures, which are accounted for as equity accounted investments (refer note 12). A list of significant investments in subsidiaries is provided in note 11.

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

### 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

### 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
18. Related party transactions



## How the numbers are calculated

### 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 (RDR)*

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

##### (ii) *Early adoption of standards*

The directors have not elected under section 334(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 not adopted any new or amended Accounting Standards and Interpretations this year that have had a material impact on the Group or its controlled entities.

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

There are certain new accounting standards, amendments to standards and interpretations that have been published, that are not mandatory for the current reporting period and have not been early adopted by the Group. While these remain subject to ongoing assessment, these standards are not expected to have a material impact on the Group or its controlled entities, 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 and presentation of amounts

Icon Water Limited 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.

Where applicable, comparative figures have been adjusted to conform to changes in presentation for the current year.

**c) Goods and Services Tax (GST)**

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

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

Whilst COVID-19 continues to present ongoing challenges for our communities, our people and the broader economy, the impact of COVID-19 on Icon Water's financial performance to date has not been significant. This is primarily attributable to the ACT Government providing both rebates and incentives to some business and residential customers.

In addition Icon Water has provided ongoing payment support options to those customers who are unable to pay bills as a result of economic hardship however this has not resulted in a change in the expected recovery of outstanding trade receivable balances.

**e) Impact of climate change related risk**

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.

Icon Water has a significant investment in the ActewAGL partnerships which own and/or operate gas and electricity distribution networks, in addition to selling electricity, gas and other services in the ACT and surrounding regions. The ACT Government's response to climate change includes a policy to reduce electricity emissions to zero from 2020 and achieve carbon neutrality by 2045. This strategy places a strong emphasis on the energy sector to effectively reduce emissions that come directly from electricity and gas assets and develop renewable energy opportunities in the short to medium term.

The recent changes to the prevailing policy environment have been a key consideration in determining the fair value assessment of the plant and equipment assets within the ActewAGL Distribution partnership as at 30 June 2021. The outcome of the combined quantitative and qualitative assessment determined that the fair value of these assets was below the carrying value held by Icon Water. This has resulted in the recognition of a revaluation decrement of \$86.6 million within the Asset revaluation reserve.

## 2. Segment information

### Description of segments and principal activities

Management has determined the operating segments that are used to make strategic decisions are as follows:

Reportable business segment	Principal activities
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 sewerage treatment plants within the ACT.
Investments	The business activities of the controlled entities and investing activities of the parent company.

	Water \$'000	Sewerage \$'000	Investments <sup>1</sup> \$'000	Unallocated \$'000	Consolidated \$'000
<b>Year ended 30 June 2021</b>					
<b>Consolidated statement of profit or loss and other comprehensive income</b>					
Sales to external customers including share of net profit of joint venture partnerships	177,894	131,791	41,539	-	351,224
Other revenue	4,561	4,567	-	218	9,346
Commonwealth subvention revenue	1,161	11,739	-	-	12,900
Gifted assets revenue	12,054	13,509	-	-	25,563
<b>Total segment revenue</b>	<b>195,670</b>	<b>161,606</b>	<b>41,539</b>	<b>218</b>	<b>399,033</b>
Interest expense	18,903	22,707	15,378	-	56,988
Segment result before income tax equivalents expense	31,275	37,567	25,442	218	94,502
Income tax equivalents expense					27,665
<b>Profit for the year</b>					<b>66,837</b>
<b>Consolidated balance sheet</b>					
Segment assets	1,746,143	1,120,901	973,254	80,141	3,920,439
Segment liabilities	822,436	942,041	630,690	-	2,395,167
<b>Other</b>					
Acquisition of property, plant and equipment (including gifted assets)	59,127	52,606	-	-	111,733
Acquisition of intangible assets	2,730	2,208	-	-	4,938
Depreciation and amortisation	41,314	28,583	-	-	69,897

<sup>1</sup> Investments include 100% ownership of Icon Retail Investments Limited and Icon Distribution Investments Limited.

## 2. Segment information (continued)

Year ended 30 June 2020	Water \$'000	Sewerage \$'000	Investments <sup>1</sup> \$'000	Unallocated \$'000	Consolidated \$'000
<b>Consolidated statement of profit or loss and other comprehensive income</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 revenue	1,259	11,327	-	-	12,586
Gifted assets revenue	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 income tax equivalents 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>Consolidated balance sheet</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
<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

### 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

	2021 \$'000	2020 \$'000
Water revenue	175,702	205,058
Sewerage revenue	131,017	130,322
Commonwealth subvention revenue	12,900	12,586
Gifted assets revenue	25,563	28,643
Other water related revenue	2,192	1,905
Other sewerage related revenue	774	663
<b>Total revenue related to contracts with customers</b>	<b>348,148</b>	<b>379,177</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 *Revenue from Contracts with Customers* 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 revenue*

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 revenue*

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 2021 accrual amount was \$16.4 million (30 June 2020: \$17.3 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:

	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Net trade receivables (Refer note 7(b))	24,577	25,939
<b>Total net trade receivables</b>	<b>24,577</b>	25,939
<b>Current assets</b>		
Accrued revenue relating to water supply contracts	18,884	19,820
Other accrued revenue (i)	2,593	2,004
<b>Total contract assets</b>	<b>21,477</b>	21,824
<b>Current liabilities</b>		
Revenue received in advance relating to water and sewerage supply contracts	9,216	7,118
<b>Total current contract liabilities</b>	<b>9,216</b>	7,118
<b>Non-current liabilities</b>		
Revenue received in advance relating to water and sewerage capital contributions	3,021	1,081
<b>Total non-current contract liabilities</b>	<b>3,021</b>	1,081

(i) Other accrued revenue also consists of community service obligations revenue and reimbursement of COVID-19 rebates applied to customer accounts for the June quarter of \$2.6 million (30 June 2020: \$1.8 million).

### 3. Revenue from contracts with customers (continued)

#### 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. Other income and expense items

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

#### a) Other income

	2021 \$'000	2020 \$'000
Increase in fair value of investment property	6,750	-
Rental income from investment property	2,017	1,999
Other income	361	595
<b>Total other income</b>	<b>9,128</b>	2,594

#### b) Breakdown of expenses by nature

	2021 \$'000	2020 \$'000
Operational costs	92,981	101,716
Employment and associated costs	63,132	64,014
Depreciation and amortisation expense	69,897	68,487
Consumables used	9,821	10,081
Other expenses	11,276	11,604
<b>Cost of providing goods and services</b>	<b>247,107</b>	255,902

#### c) Finance income and costs

	2021 \$'000	2020 \$'000
<b>Finance income</b>		
Interest from financial assets not at fair value through profit or loss	218	2,955
<b>Finance income</b>	<b>218</b>	2,955
<b>Finance costs</b>		
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	60,099	74,817
Provisions: unwinding of discount	32	29
	60,131	74,846
Amount capitalised	(3,143)	(5,784)
<b>Finance costs expensed</b>	<b>56,988</b>	69,062
<b>Net finance costs</b>	<b>56,770</b>	66,107

#### 4. Other income and expense items (continued)

##### 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 \$0.2 million (30 June 2020: \$3.0 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:

<b>Income tax equivalents expense</b>	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Current tax</b>		
Income tax equivalents expense recognised in the current year	18,802	34,806
Adjustment to prior year (i)	(2,764)	62
	<b>16,038</b>	<b>34,868</b>
<b>Deferred tax</b>		
Deferred tax equivalents expense recognised in the current year	8,187	933
Adjustments to deferred tax for prior periods (i)	3,440	1,245
	<b>11,627</b>	<b>2,178</b>
<b>Income tax equivalents expense</b>	<b>27,665</b>	37,046
Current tax – credited directly to equity	(703)	-
	<b>26,962</b>	<b>37,046</b>

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

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Profit from continuing operations before income tax expense	94,502	117,338
Tax at the Australian tax rate of 30% (2019-20: 30%)	28,351	35,201
Other items:		
– Intercompany dividends	(144)	(144)
– Non-assessable income	-	(77)
– Non-deductible expenses	177	736
– Share of joint venture profits and ActewAGL partnerships share of profits	88	66
– Adjustments for income tax equivalents expense of prior periods (i)	(806)	1,307
– Other	(1)	(43)
<b>Income tax equivalents expense</b>	<b>27,665</b>	<b>37,046</b>

- (i) Adjustments to prior year for the current period relates to differences between the 2019-20 financial statements and the 2019-20 income tax return. The net adjustment of the current and deferred tax is \$0.7 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

	2021 \$'000	2020 \$'000
Dividends payable at the beginning of the financial year	4,127	11,340
Amount appropriated from operating profit	41,127	51,278
	45,254	62,618
Amount paid during the year	(30,182)	(58,491)
<b>Dividends payable at the end of the financial year</b>	<b>15,072</b>	<b>4,127</b>

### 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 liabilities

### a) Cash and cash equivalents

	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Cash at bank and on hand	40,122	16,036
Short-term deposits	40,000	33,000
<b>Total cash and cash equivalents</b>	<b>80,122</b>	<b>49,036</b>

#### 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.

## 7. Financial assets and liabilities (continued)

### b) Trade and other receivables

	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Water revenue receivables	12,851	14,382
Sewerage revenue receivables	11,396	11,204
Other trade receivables (i)	1,188	1,227
Allowance for impairment of receivables	(858)	(874)
<b>Net trade receivables</b>	<b>24,577</b>	<b>25,939</b>
Other receivables (ii)	5,658	2,681
Employee entitlement receivable – related parties	5,311	5,809
<b>Total trade and other receivables</b>	<b>35,546</b>	<b>34,429</b>
<b>Non-current assets</b>		
Other receivables	140	-
	<b>140</b>	-

- (i) These amounts generally arise from transactions outside the principal operating activities of the Group.  
(ii) Under the terms and conditions of the Customer Services and Community Support Agreement with ActewAGL Retail Partnership, and the Corporate Services Agreement with ActewAGL Distribution Partnership, Icon Water is expecting to receive a refund of \$3.5 million as at 30 June 2021 (30 June 2020: nil).

#### 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 *Financial Instruments* which requires that the Group recognises lifetime expected credit losses.

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 and other comprehensive income.

##### Current other receivables

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

##### 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.

7. Financial assets and liabilities (continued)

c) Trade and other payables

	2021	2020
	\$'000	\$'000
<b>Current liabilities</b>		
Trade payables	11,267	7,451
Other payables and accruals	40,229	43,718
<b>Total trade and other payables</b>	<b>51,496</b>	<b>51,169</b>

**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.

## 7. Financial assets and liabilities (continued)

### d) Borrowings

	2021 \$'000	2020 \$'000
<b>Non-current liabilities</b>		
Unsecured loans	1,832,198	1,782,991
	1,832,198	1,782,991
<b>Total borrowings</b>	<b>1,832,198</b>	1,782,991

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

Instrument	Start Date	Maturity Date	Maturity (years)	Yield (%)	Balance (\$m)
MTN	22 May 2014	22 May 2024	3	4.22	\$99.4
MTN	23 May 2016	21 May 2026	5	2.67	\$124.1
MTN	18 April 2018	18 April 2028	7	3.25	\$472.7
MTN	17 May 2021	17 May 2030	9	1.81	\$49.8
CIB	17 June 2010	17 June 2030	9	3.72	\$305.8
MTN	23 October 2019	23 October 2031	10	1.87	\$376.0
IAB	12 June 2008	12 June 2048	27	4.21	\$302.9
IAB	12 June 2009	12 June 2048	27	5.74	\$101.5
			<b>Total</b>		<b>\$1,832.2</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 4(c).

## 7. Financial assets and liabilities (continued)

### e) 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. 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 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 7(b) for further details.

## 7. Financial assets and liabilities (continued)

### e) 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 liabilities

### a) Prepayments

	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Prepayments	5,342	4,791
	<b>5,342</b>	4,791
<b>Non-current assets</b>		
Prepayments (i)	5,317	8,127
	<b>5,317</b>	8,127

(i) This includes \$3.3 million for carbon credits and \$2.0 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

	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Finished goods	4,337	4,346
<b>Total inventories</b>	<b>4,337</b>	4,346

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 \$9.8 million (30 June 2020: \$10.1 million).

#### Accounting policy

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

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

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

### c) Investments accounted for using the equity method

	2021 \$'000	2020 \$'000
<b>Non-current assets</b>		
Interest in joint venture partnerships	967,944	1,043,771
<b>Total investments accounted for using the equity method</b>	<b>967,944</b>	<b>1,043,771</b>

The movement in the carrying value in the interest in ActewAGL joint venture partnerships has changed as follows:

	2021 \$'000	2020 \$'000
Carrying amount at the beginning of the financial year	1,043,771	1,031,716
Share of results	41,539	57,805
Distributions received	(30,750)	(45,750)
Revaluation of plant and equipment assets in ActewAGL Distribution Partnership	(86,616)	-
<b>Carrying amount at the end of the financial year</b>	<b>967,944</b>	<b>1,043,771</b>

#### 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 consolidated statement of profit or loss. 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.

##### *Revaluation of plant and equipment within the Distribution Partnership*

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. The valuation is conducted by way of discounting the expected cash flows of the ActewAGL Distribution Partnership to present value.

An annual assessment of fair value is performed to determine if it is materially different to the carrying value at the end of the reporting period. The assessment includes both qualitative and quantitative reviews.

The assumptions used in determining the fair value assessment are detailed in the critical accounting estimate.

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

### Critical Accounting Estimate

#### *Revaluation of plant and equipment within the Distribution partnership*

Icon Distribution assesses the fair value of plant and equipment of the ActewAGL Distribution Partnership annually and revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting 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 using ActewAGL Distribution Partnership's cash flow forecasts, taking into account the latest Australian Energy Regulator's final determinations
- operating and capital expenditure is based on ActewAGL Distribution Partnership's assumptions
- the post-tax nominal discount rate used is 4.36%.

The discounted cash flow method is highly sensitive to variations in the nominal discount rate, as a result a quantitative materiality threshold is applied when revaluing the assets in the investment in ActewAGL Distribution Partnership.

Due to the highly sensitive nominal discount rate used in discounted cash flow models, Icon Water assesses whether the revaluation increment or decrement is material. In addition, an assessment has been made as to whether qualitative factors, including economic and industry specific factors could impact the valuation.

The valuation exercise for the year ending 30 June 2021, combined with the qualitative assessment, primarily linked to the ACT Government policy to reduce carbon emissions to zero by 2045, resulted in an \$86.6 million decrement adjustment being required (30 June 2020: no adjustment). This adjustment was recognised within the Asset revaluation reserve balance.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture partnerships. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of net profit of joint venture partnerships accounted for using the equity method' in the statement of profit or loss.

8. Non-financial assets and 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	Total \$'000
<b>At 1 July 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)
Net book amount	1,532,821	991,783	24,604	32,010	5,498	2,586,716
<b>Year ended 30 June 2021</b>						
Opening net book amount	1,532,821	991,783	24,604	32,010	5,498	2,586,716
Additions	36,594	46,177	-	89	1,238	84,098
Depreciation charge	(34,650)	(21,919)	(128)	(627)	(2,118)	(59,442)
Gifted assets	21,869	5,766	-	-	-	27,635
Retirements	-	-	-	-	(2)	(2)
Revaluation	86,046	(3,829)	-	2,055	-	84,272
Transfers <sup>1</sup>	(1,671)	182	15	-	1,590	116
Borrowing costs	1,031	2,055	-	7	41	3,134
<b>Closing net book amount</b>	<b>1,642,040</b>	<b>1,020,215</b>	<b>24,491</b>	<b>33,534</b>	<b>6,247</b>	<b>2,726,527</b>
<b>As at 30 June 2021</b>						
Cost or fair value	1,764,308	1,279,109	24,839	34,013	15,022	3,117,291
Accumulated depreciation	(122,268)	(258,894)	(348)	(479)	(8,775)	(390,764)
<b>Net book amount</b>	<b>1,642,040</b>	<b>1,020,215</b>	<b>24,491</b>	<b>33,534</b>	<b>6,247</b>	<b>2,726,527</b>

<sup>1</sup> This includes transfers between property, plant and equipment categories and amounts transferred to intangible assets.

## 8. Non-financial assets and 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 measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. The valuation is prepared on an annual basis. The value is determined by applying a discounted cash flow analysis to the asset base.

The assumptions used in determining the fair value assessment 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 Certified Practising valuers every three years, with the most recent valuation performed in June 2021.

If the fair value of an asset materially differs from its carrying amount outside of the three 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 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	20 - 60
Mains	80
Other assets	10 - 80
Sewerage network	
Mains	80
Treatment plants	20 - 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 assesses the fair value of water and sewerage infrastructure assets annually and revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. The fair value is determined by application of a value in use income approach using a discounted cash flow method.

Icon Water's current assumptions used to determine revenue, operating expenditure and capital expenditure are based on methodologies applied by the economic 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 equivalent 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 2022 with reference to methodologies applied by the ICRC
- the market equivalent post-tax nominal discount rate used is 4.36%.

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

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

#### Critical Accounting Estimate (continued)

The discounted cash flow method is highly sensitive to variations in the nominal discount rate.

Due to the highly sensitive nominal discount rate used in discounted cash flow models, Icon Water assesses whether the revaluation increment or decrement is material. In addition, an assessment has been made as to whether qualitative factors, including economic and industry specific factors could impact the valuation.

The valuation exercise for the year ending 30 June 2021, combined with the qualitative assessment, resulted in an \$86.0 million increment adjustment being required for water infrastructure assets (30 June 2020: no adjustment) and an \$3.8 million decrement adjustment being required for sewerage infrastructure assets (30 June 2020: no adjustment). These adjustments were recognised within the Asset revaluation reserve balance.

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

### e) Leases

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

*i) Amounts recognised in the consolidated balance sheet relating to leases:*

	2021 \$'000	2020 \$'000
<b>Right-of-use assets</b>		
Building	2,630	3,400
Vehicles	1,346	1,604
Equipment	3,448	4,613
<b>Total right-of-use assets</b>	<b>7,424</b>	9,617
<b>Lease liabilities</b>		
Current	2,822	2,860
Non-current	4,646	6,645
<b>Total lease liabilities</b>	<b>7,468</b>	9,505

Additions to the right-of-use assets during the year were \$0.8 million (30 June 2020: \$0.3 million).

*ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income:*

	2021 \$'000	2020 \$'000
<b>Depreciation - right-of-use assets</b>		
Buildings	770	770
Vehicles	779	755
Equipment	1,412	1,400
	<b>2,961</b>	2,925
Interest expense on lease liabilities	344	435

*iii) Amounts recognised in the consolidated statement of cash flows*

The total cash outflow for lease liabilities during the year ended 30 June 2021 was \$3.6 million (30 June 2020: \$3.2 million), comprising interest expense on lease liabilities of \$0.3 million (recognised as 'operating activities') and payment of lease liabilities of \$3.3 million (recognised as 'financing activities').



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

### e) Leases (continued)

#### Accounting policy

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 comprising of 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.

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.

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. 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.

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

### e) Leases (continued)

#### *Equipment and vehicle leases*

Icon Water leases vehicles and equipment which are typically leased for fixed periods of 3 to 12 years. 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 liabilities (continued)

### f) Investment property

	Total \$'000
Opening balance at 1 July 2020	12,000
Fair value adjustment to investment property	6,750
<b>Closing balance at 30 June 2021</b>	<b>18,750</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 every year 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.

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

##### 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 \$2.0 million. Icon Water did not receive any variable lease income that is not dependant 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	1,747
One to two years	1,754

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

### g) Intangible assets

	Computer software \$'000	Carbon credits \$'000	Total \$'000
<b>At 1 July 2020</b>			
Cost or fair value	60,599	631	61,230
Accumulated amortisation and impairment	(14,686)	(183)	(14,849)
<b>Net book amount</b>	<b>45,913</b>	<b>448</b>	<b>46,361</b>
<b>Year ended 30 June 2021</b>			
Opening net book amount	45,913	448	46,361
Additions	4,415	523	4,938
Amortisation charge	(7,494)	-	(7,494)
Impairment	-	(436)	(436)
Transfer from property, plant and equipment	(115)	-	(115)
Borrowing costs capitalised	10	-	10
<b>Closing net book amount</b>	<b>42,729</b>	<b>535</b>	<b>43,264</b>
<b>At 30 June 2021</b>			
Cost or fair value	64,909	1,154	66,063
Accumulated amortisation and impairment	(22,180)	(619)	(22,799)
<b>Net book amount</b>	<b>42,729</b>	<b>535</b>	<b>43,264</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.

##### *Impairment*

At each reporting date, the Group assesses, whether there is any indication that an asset may be impaired. If such an indication of impairment exists, the Group estimates the recoverable amount of the asset. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

For assets held at fair value a revaluation increase is recognised in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously expensed.

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

### h) Provisions

	Current		Non-Current	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Employee entitlements	16,693	16,616	1,556	1,305
Employee entitlements – seconded employees	5,311	5,809	-	-
Provision for dividend (refer to note 6)	15,072	4,127	-	-
Other employee related provisions	785	1,068	633	923
Workers' compensation provisions	200	1,597	4,461	1,094
Provision for make good restoration	368	2,016	1,504	1,398
Carbon emissions	-	-	-	889
	<b>38,429</b>	<b>31,233</b>	<b>8,154</b>	<b>5,609</b>

The movements in each class of provision during the financial year, other than employee entitlements and provision for dividends (refer to note 6), is set out below:

	Other employee related provisions \$'000	Workers' compensation <sup>1</sup> \$'000	Make good restoration \$'000	Carbon emissions \$'000	Total \$'000
Balance at 1 July 2020	1,991	2,691	3,414	889	8,985
Additional provision recognised in the year	142	2,194	420	-	2,756
Transfers to provisions	-	2,816	-	-	2,816
Credited to profit or loss	-	(741)	(96)	(889)	(1,726)
Used during the year	(715)	(2,299)	(1,898)	-	(4,912)
Unwinding of discount	-	-	32	-	32
<b>Carrying amount at 30 June 2021</b>	<b>1,418</b>	<b>4,661</b>	<b>1,872</b>	<b>-</b>	<b>7,951</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.

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

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

### h) Provisions (continued)

#### Accounting policy (continued)

##### *Annual, sick and long service leave*

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

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

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

### i) Deferred tax balances

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>The balance comprises temporary differences attributable to:</b>		
Depreciation	226,674	225,321
Asset revaluation	170,254	168,931
Share of deferred taxes from ActewAGL Partnerships	49,114	44,251
Employee entitlements	2,306	2,306
Joint venture receivable – employee entitlements	(6,134)	(5,971)
Adjustment to prior year tax	7,930	4,726
Other	(4,959)	(6,549)
<b>Net deferred tax liability</b>	<b>445,185</b>	433,015

8. Non-financial assets and liabilities (continued)

i) Deferred tax balances (continued)

Movements	Depreciation \$'000	Asset revaluation \$'000	Share of deferred taxes from ActewAGL 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>At 1 July 2019</b>	224,084	169,001	45,074	2,179	(6,022)	3,482	(5,585)	432,213
Charged/(credited):								
– profit or loss	1,237	(70)	553	127	51	1,244	(964)	2,178
– adjustments of income tax expense for prior periods (i)	-	-	(1,376)	-	-	-	-	(1,376)
<b>At 30 June 2020</b>	225,321	168,931	44,251	2,306	(5,971)	4,726	(6,549)	433,015
<b>At 1 July 2020</b>	225,321	168,931	44,251	2,306	(5,971)	4,726	(6,549)	433,015
Charged/(credited):								
– profit or loss	1,353	2,026	4,863	-	(163)	3,204	1,590	12,873
– directly to equity (note 5)	-	(703)	-	-	-	-	-	(703)
<b>At 30 June 2021</b>	<b>226,674</b>	<b>170,254</b>	<b>49,114</b>	<b>2,306</b>	<b>(6,134)</b>	<b>7,930</b>	<b>(4,959)</b>	<b>445,185</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 arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

(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

	2021 \$'000	2020 \$'000
Ordinary shares - fully paid	758,871	758,871
<b>Total share capital</b>	<b>758,871</b>	758,871

At 30 June 2021 Icon Water has 2 fully paid ordinary shares with a par value of \$0.30 (30 June 2020: 2).

#### *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.

*The gearing ratios at 30 June 2021 and 30 June 2020 were as follows:*

	2021 \$'000	2020 \$'000
Total debt (note 7e)	1,832,198	1,782,991
Total equity	1,525,272	1,501,203
	3,357,470	3,284,194
<b>Gearing ratio</b>	<b>54.6%</b>	54.3%

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

	2021 \$'000	2020 \$'000
Asset revaluation reserve	519,127	520,768
<b>Total reserves</b>	<b>519,127</b>	520,768

The movement in the asset revaluation reserve during the financial year is as follows:

	2021 \$'000	2020 \$'000
Balance the beginning of the financial year	520,768	520,768
<i>Revaluation – net of tax</i>		
Investment in ActewAGL partnerships (Plant and equipment)	(60,631)	-
Property, plant and equipment	58,990	-
<b>Balance at the end of the financial year</b>	<b>519,127</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. Remuneration of auditors

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

	2021 \$	2020 \$
Audit of financial reports		
- Icon Water Group	274,045	266,296
<b>Total remuneration of auditors</b>	<b>274,045</b>	<b>266,296</b>

## Group structure

### 11. Investment in controlled entities

#### a) Significant investments in subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2021 %	2020 %
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 2021 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.

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:

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Share of ActewAGL Partnership's commitments</b>		
Capital commitments	6,355	7,108
	<b>6,355</b>	7,108

### 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 2021 (30 June 2020: 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 2021 (30 June 2020: \$2.4 million). These have not been recognised in the consolidated balance sheet. Amounts have been disclosed using the Group's share of the contingent liability.

### 13. Parent entity financial information

#### a) Summary financial information

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

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Balance sheet</b>		
Current assets	185,200	174,219
Total assets	3,674,383	3,499,297
Current liabilities	104,908	93,384
Total liabilities	2,282,333	2,191,469
<b>Net assets</b>	<b>1,392,050</b>	1,307,828
Share capital	758,872	758,872
Reserves		
Asset revaluation reserve	371,054	312,063
Retained profits	262,124	236,893
<b>Total equity</b>	<b>1,392,050</b>	1,307,828
<b>Profit for the year</b>	<b>66,358</b>	79,811
<b>Total comprehensive income</b>	<b>125,349</b>	79,811

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

The parent entity bank guarantees at 30 June 2021 are nil (30 June 2020: nil).

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

The parent entity contingent liabilities at 30 June 2021 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 2021 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

### 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 that material losses (including costs) are not anticipated in resolving those claims.

### 15. Commitments for expenditure

#### a) Capital and operating commitments

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Capital expenditure commitments	41,461	80,297
Other expenditure commitments (i)	72,734	100,246

- (i) 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.

### 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

### 17. Key management personnel

#### Key management personnel composition

The key management personnel (KMP) of the Group includes the Managing Director and only his direct reports who have authority and responsibility for planning, directing and controlling the activities of Icon Water. It also includes the following persons who 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. KMP during the year ended 30 June 2021 were:

Name	Position
<b>Non-Executive Directors</b>	
Wendy Caird	Independent Non-Executive Director, Chair
Carol Lilley	Independent Non-Executive Director, Deputy Chair
Dr Thomas Parry AM	Independent Non-Executive Director
Brett Tucker	Independent Non-Executive Director
Dorte Ekelund	Independent Non-Executive Director
Dr Helen Locher	Independent Non-Executive Director
Peter Dennis	Independent Non-Executive Director
<b>Senior Executives</b>	
Ray Hezkial	Managing Director
Davina McCormick	General Manager Customer Engagement
Joy Yau	Chief Financial Officer
Gerard Brierley	General Manager Infrastructure Services
Alison Pratt	General Counsel
Tony Pollock	Chief Technology Officer (appointed 27 July 2020)

There have been no changes in KMP since the end of the financial period.

#### Key management personnel compensation

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

	2021 \$'000	2020 \$'000
Short-term employee benefits	2,492	2,721
Post-employment benefits	201	210
Other long-term benefits	44	55
<b>Total benefits</b>	<b>2,737</b>	<b>2,986</b>

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

## 17. Key management personnel (continued)

### Senior Executive remuneration

In accordance with the requirements of the Territory-owned Corporations Act 1990, only the five most highly remunerated officers (other than directors) are individually disclosed. Executives who report directly to the Managing Director and are not individually disclosed as a 'Senior Executive KMP' are disclosed as an 'Other Senior Manager'.

	Short-term employee benefits			Post-employment benefits		Other long-term benefits		Total remuneration
	Salary & fees	Non-monetary benefits	Superannuation (4)	Employee entitlements				
	\$	\$	\$	\$	\$	\$	\$	
<b>Senior Executive KMP</b>								
Ray Hezkial (1)	2020-21	525,331	6,555	25,096	16,201	573,183		
	2019-20	561,510	10,357	25,192	15,765	612,824		
Davina McCormick (1)	2020-21	299,885	3,382	29,740	4,741	337,748		
	2019-20	324,706	5,299	28,886	7,924	366,815		
Joy Yau	2020-21	336,857	4,069	25,144	9,799	375,869		
	2019-20	325,152	5,898	25,385	8,211	364,646		
Gerard Brierley	2020-21	322,416	3,393	25,144	4,966	355,919		
	2019-20	319,708	5,877	25,192	8,090	358,867		
Alison Pratt	2020-21	319,152	3,919	25,144	8,663	356,878		
	2019-20	288,962	5,268	25,192	8,277	327,699		
Tony Pollock (2)	2020-21	314,112	3,041	25,529	-	342,682		
	2019-20	-	-	-	-	-		
Other Senior Managers (3)	2020-21	-	-	-	-	-		
	2019-20	520,060	9,184	36,780	6,381	572,405		
<b>Total Senior Executive KMP</b>	2020-21	2,117,753	24,359	155,797	44,370	2,342,279		
	2019-20	2,340,098	41,883	166,627	54,648	2,603,256		

- (1) Ray Hezkial and Davina McCormick utilised their excess recreation leave balances during this financial year which has been offset from their salary and fees payment.  
(2) Tony Pollock commenced employment as Chief Technology Officer on 27 July 2020.  
(3) 2019-20: Other Senior Managers includes Jane Breaden, General Manager Business Services who ceased employment on 26 February 2020 and Murray Heke, Chief Information Officer who ceased employment on 17 April 2020.  
(4) Superannuation is calculated on an accrual basis. Superannuation contributions are generally made in accordance with tax concession guidelines. From a cash perspective, Davina McCormick contributes above the \$25,000 tax concession limit.

## 17. Key management personnel (continued)

### Non-Executive Director remuneration

		Short-term employee benefits		Post-employment benefits	Total remuneration \$
		Board & Committee fees \$	Non-monetary benefits \$	Superannuation \$	
<b>Non-Executive Directors</b>					
Wendy Caird <i>Chair</i>	<b>2020-21</b>	<b>81,137</b>	<b>550</b>	<b>10,548</b>	<b>92,235</b>
	2019-20	80,772	1,041	10,500	92,313
Carol Lilley <i>Deputy Chair</i>	<b>2020-21</b>	<b>64,911</b>	-	<b>8,438</b>	<b>73,349</b>
	2019-20	64,619	550	8,400	73,569
Dr Thomas Parry AM	<b>2020-21</b>	<b>40,536</b>	-	<b>5,270</b>	<b>45,806</b>
	2019-20	40,353	-	5,246	45,599
Brett Tucker	<b>2020-21</b>	<b>40,536</b>	<b>550</b>	<b>5,270</b>	<b>46,356</b>
	2019-20	40,353	550	5,246	46,149
Dorte Ekelund	<b>2020-21</b>	<b>40,536</b>	-	<b>5,270</b>	<b>45,806</b>
	2019-20	40,353	-	5,246	45,599
Dr Helen Locher <sup>(1)</sup>	<b>2020-21</b>	<b>40,536</b>	-	<b>5,270</b>	<b>45,806</b>
	2019-20	6,523	-	848	7,371
Peter Dennis <sup>(1)</sup>	<b>2020-21</b>	<b>40,536</b>	-	<b>5,270</b>	<b>45,806</b>
	2019-20	6,523	-	848	7,371
Rachel Peck <sup>(2)</sup>	<b>2020-21</b>	-	-	-	-
	2019-20	33,830	295	4,398	38,523
Abigail Goldberg <sup>(3)</sup>	<b>2020-21</b>	-	-	-	-
	2019-20	23,114	-	3,005	26,119
<b>Total Non-Executive Director KMP</b>	<b>2020-21</b>	<b>348,728</b>	<b>1,100</b>	<b>45,336</b>	<b>395,164</b>
	2019-20	336,440	2,436	43,737	382,613

(1) Dr Helen Locher and Peter Dennis commenced as directors on 2 May 2020.

(2) Rachel Peck ceased holding office of director on 1 May 2020.

(3) Abigail Goldberg ceased holding office of director on 27 January 2020.

#### Accounting policy

##### Short-term employee benefits

Short-term employee benefits include all recreation leave accrued for during the period.

Non-monetary benefits are free or subsidised goods or services received in the current period, such as car parking expenses, gym fees, income protection insurance and professional membership fees including fringe benefits tax, where applicable.

##### Other long-term benefits

Other long-term benefits include all long service leave accrued during the financial year after the individual has reached one year of service.

## 18. Related party transactions

### Transactions with key management personnel

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 2020: 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:

	2021	2020
	\$	\$
<b>Wholly-owned controlled entities</b>		
Dividend revenue	29,307,825	38,073,090
Income tax equivalents expense to the ACT Government	27,664,122	37,046,510
<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)	4,819,251	18,404,339
– Current receivables (other)	29,307,825	38,073,090
– Current payables and other	15,071,817	4,126,849
– Non-interest bearing loans	686,621,946	674,438,874

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

### 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:

	2021	2020
	\$	\$
<b>Purchase and sale of goods and services:</b>		
– Purchase of goods and services	39,901,318	41,941,245
– Sale of goods and services	18,171,531	15,887,984
<b>Aggregate amounts receivable from and payable to joint venture partnerships at balance date:</b>		
– Current receivables	9,981,833	8,083,598
– Current accounts payables and other	2,784,888	12,283,562



## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 57 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 2021 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 1 a).

The financial statements were authorised for issue by the directors on 25 August 2021. The directors have the power to amend and reissue the financial statements.

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



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Wendy Caird  
Chair

Kangaroo Valley  
31 August 2021



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Ray Hezkial  
Managing Director

Canberra  
31 August 2021



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Carol Lilley  
Risk and Assurance Committee, Chair

Canberra  
31 August 2021



Icon Distribution  
Investments Limited

ABN 83 073 025 224

General Purpose

**ANNUAL  
REPORT**

For the year ended  
30 June 2021

# Icon Distribution Investments Limited

ABN 83 073 025 224

## Annual Report for the year ended 30 June 2021

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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 2021.

### 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 Deputy Chair 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 the Audit Committee for Transport Canberra and City Services Directorate and she also has various governance roles for Commonwealth Government entities (including as a Member of the Audit & Risk Committees 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 a 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 has undertaken multiple roles prior to his appointment as Managing Director in November 2018. 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.

Mr Hezkial has a Master of Business Administration, Diploma in Project Management, and Bachelor of Engineering (Civil). Mr Hezkial is a Member of the Institute of Engineers Australia and of the Australian Institute of Company Directors.

### 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 a Member of the ActewAGL Partnerships Board, and held the role as Chair from 19 December 2018 until 2 October 2020. 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.

## 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, and 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. He 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 a Member of the Northern Territory Planning Commission, a Member of the University of Wollongong's SMART Infrastructure Advisory Council, 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 strategic and statutory land use and infrastructure planning across all levels of government. She has headed the Federal Government's Major Cities Unit, was Deputy Director-General of the Western Australia Department Planning and Infrastructure, and of particular relevance to Icon Water, formerly held the role of Director-General of the ACT Environment,

Planning and Sustainable Development Directorate (2013–2017) where she was responsible for energy and water policy and programs, as well as urban planning.

Ms Ekelund has considerable experience in environmental policies and management, including climate change mitigation and adaptation action. Her experience in energy includes membership of the Council of Australian Governments (COAG) Energy Senior Officials and oversight of significant policy initiatives and investment in renewables which led to the ACT sourcing 100% of its electricity from renewable sources. 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

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.

Dr Locher 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

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. He 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 holding 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

### Alison Pratt

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

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 Graduate 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	6
Carol Lilley	6	6
Ray Hezkial	6	6
Dr Thomas Parry AM	5	6
Brett Tucker	6	6
Dorte Ekelund	6	6
Dr Helen Locher	6	6
Peter Dennis	6	6



## Principal activities and review of operations

Icon Distribution holds a 50% interest in the ActewAGL Distribution Partnership. Its operations and the expected results of those operations are dependent on that of the ActewAGL Distribution Partnership. Icon Distribution Investments Limited and Jemena Networks (ACT) Pty Ltd hold the two issued shares in ActewAGL Distribution Investments Pty Ltd as joint tenants of the ActewAGL Distribution Partnership. ActewAGL Distribution Investments Pty Ltd is a holding company for investments of ActewAGL Distribution.

## Significant changes in the state of affairs

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

## Trading results and dividends

A dividend of \$19,622,794 (30 June 2020: \$24,880,138) has been declared by the directors to be paid, which is 100% of 30 June 2021 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

The proposed formation of ActewAGL New Energy Pty Ltd reported as a likely development in the prior year did not eventuate. This outcome, including the rationale, has been communicated to Icon Water's shareholders.

## 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. During the financial year, Icon Distribution materially complied with all requirements in respect to these licenses. There have been no recorded incidents of non-compliance with laws or regulations which has resulted in the issuance of directions, sanctions or fines to Icon Distribution.

## 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 2020-21 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 10.

### 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.



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Wendy Caird  
Chair

Kangaroo Valley  
31 August 2021



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Ray Hezkial  
Director

Canberra  
31 August 2021

## 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 2021 which comprises the statement of profit or loss and other comprehensive income, balance sheet, 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 2021, 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  
3 September 2021

**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 2021, 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.



Michael Harris  
Auditor-General  
3 September 2021

## Statement of profit or loss and other comprehensive income

	Note	2021 \$'000	2020 \$'000
<b>Revenue</b>			
Share of net profit of the joint venture partnership accounted for using the equity method	2	26,519	38,407
		26,519	38,407
<b>Expenses</b>			
Other expenses arising from ordinary activities		(14)	(16)
		(14)	(16)
<b>Profit before income tax equivalents expense</b>		<b>26,505</b>	38,391
Income tax equivalents expense	3a	(6,882)	(13,511)
<b>Profit for the year</b>		<b>19,623</b>	24,880
<b>Other comprehensive income</b>			
Revaluation of property, plant and equipment within joint venture investment	5	(86,616)	-
Income tax equivalents expense relating to components of other comprehensive income	3a	25,985	-
<b>Items that will not be reclassified subsequently to profit and loss</b>		<b>(60,631)</b>	-
<b>Total comprehensive income for the year</b>		<b>(41,008)</b>	24,880
<b>Total comprehensive income is attributable to:</b>			
Owners of Icon Distribution Investments Limited		<b>(41,008)</b>	24,880

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

## Balance sheet

	Note	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments accounted for using the equity method	5	932,276	999,873
<b>Total non-current assets</b>		<b>932,276</b>	999,873
<b>Total assets</b>		<b>932,276</b>	999,873
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	6	11	17
Dividends payable	4	19,623	24,880
<b>Total current liabilities</b>		<b>19,634</b>	24,897
<b>Non-current liabilities</b>			
Deferred tax balances	7	124,242	145,949
Intercompany loan	6	639,929	619,925
<b>Total non-current liabilities</b>		<b>764,171</b>	765,874
<b>Total liabilities</b>		<b>783,805</b>	790,771
<b>Net assets</b>		<b>148,471</b>	209,102
<b>EQUITY</b>			
Contributed equity	8a	400	400
Reserves	8b	148,071	208,702
<b>Total equity</b>		<b>148,471</b>	209,102

The above balance sheet should be read in conjunction with the accompanying notes.

## Statement of cash flows

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Distributions received from the ActewAGL Distribution Partnership		7,500	30,000
Payments to suppliers (inclusive of goods and services tax)		(21)	(16)
<b>Net cash inflow from operating activities</b>		<b>7,479</b>	29,984
<b>Cash flows from financing activities</b>			
Income tax equivalents paid by Icon Water	3a	(4,762)	(10,315)
Payments of dividends to Icon Water	4	(24,880)	(43,650)
<b>Net cash (outflow) from financing activities</b>		<b>(29,642)</b>	(53,965)
<b>Net (increase) in intercompany loan</b>	6	<b>(22,163)</b>	(23,981)

The parent entity, Icon Water Limited, facilitates the cash transactions on behalf of Icon Distribution which is offset by an intercompany loan account. All cash is handled through Icon Water and is reflected in the financial statements of that company.

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



## Statement of changes in equity

	Note	Attributable to the owners of Icon Distribution			Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	
Balance at 1 July 2019		400	208,702	-	209,102
Profit for the year		-	-	24,880	24,880
Other comprehensive income		-	-	-	-
Total comprehensive income 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)
Balance at 30 June 2020		400	208,702	-	209,102
Balance at 1 July 2020		400	208,702	-	209,102
Profit for the year		-	-	19,623	19,623
Other comprehensive income		-	(60,631)	-	(60,631)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(60,631)</b>	<b>19,623</b>	<b>(41,008)</b>
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	-	(19,623)	(19,623)
<b>Balance at 30 June 2021</b>		<b>400</b>	<b>148,071</b>	<b>-</b>	<b>148,471</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
3. Income tax equivalents expense
4. Dividends
5. Investments accounted for using the equity method
6. Financial liabilities
7. Deferred tax balances
8. Equity
9. Remuneration of auditors
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 Distribution as an individual entity. The financial statements are presented in 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 section 334(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 2020 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 2021, current liabilities exceed current assets by \$19.6 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 and presentation 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.

Where applicable, comparative figures have been adjusted to conform to changes in presentation for the current year.

### (c) Goods and Services Tax (GST)

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

## 1. Significant accounting policies (continued)

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

During the financial year ended 30 June 2021, both the Federal and ACT governments provided certain measures in the form of stimulus packages and customer rebates to contain the impact that the COVID-19 pandemic may have had on the ACT economy. At 30 June 2021, the impact of COVID-19 on Icon Distribution's financial statements has been immaterial.

### (e) Impact of climate change related risk

Australia's transition to a low carbon economy is subject to considerable uncertainty including in relation to government policy, technology development and consumer uptake of new technologies. The ACT Government has introduced legislated targets to reduce electricity emissions to zero from 2020 and ultimately achieve carbon neutrality by 2045. This strategy places a strong emphasis on the energy sector to effectively reduce emissions that come directly from electricity and gas assets and develop renewable energy opportunities in the short to medium term.

Icon Distribution has a significant investment in the ActewAGL Distribution Partnership which owns the gas distribution networks and owns and operates the electricity distribution networks in the ACT and surrounding regions. A fair value assessment of the plant and equipment assets within the partnership was undertaken at 30 June 2021. The outcome of the combined quantitative and qualitative assessment determined that the fair value of these assets was below the carrying value held by Icon Distribution. This has resulted in the recognition of a revaluation decrement of \$86.6 million which has been taken to the Asset revaluation reserve.

## 2. Revenue

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Share of net profit of the ActewAGL Distribution Partnership accounted for using the equity method	26,519	38,407
	<b>26,519</b>	38,407

### 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

	2021 \$'000	2020 \$'000
<b>Current tax</b>		
Current tax equivalents expense recognised in the current year	5,726	10,038
Adjustment to prior year (i)	(964)	277
	4,762	10,315
<b>Deferred tax</b>		
Deferred tax equivalents expense recognised in the current year	262	1,802
Adjustments to prior year (i)	1,858	1,394
	2,120	3,196
<b>Income tax equivalents expense</b>	<b>6,882</b>	13,511
Net deferred tax – recognised directly in equity	(25,985)	-
<b>Total income tax equivalents expense in statement of profit or loss and other comprehensive income</b>	<b>(19,103)</b>	13,511

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

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

	2021 \$'000	2020 \$'000
Profit before income tax equivalents expense	26,505	38,391
Tax at the Australian tax rate of 30% (2019-20: 30%)	7,951	11,517
Other Items:		
- Non-deductible expenses	51	241
- Share of ActewAGL Distribution profits and partner share of profits	145	82
- Adjustments for income tax expense of prior periods	(1,265)	1,671
<b>Income tax equivalents expense</b>	<b>6,882</b>	13,511

### 3. Income tax equivalents expense (continued)

#### Accounting policy

##### *National Tax Equivalents Regime*

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

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

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

##### *Tax consolidation legislation*

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

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

### 4. Dividends

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Dividend payable at the beginning of the financial year	24,880	43,650
Amount appropriated from operating profit	19,623	24,880
	44,503	68,530
Amount paid during the year	(24,880)	(43,650)
<b>Dividend payable at the end of the financial year</b>	<b>19,623</b>	24,880

#### 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

	2021 \$'000	2020 \$'000
<b>Non-current assets</b>		
Investment in the ActewAGL Distribution Partnership	932,276	999,873
	<b>932,276</b>	<b>999,873</b>

The movement in the carrying value in the investment in ActewAGL Distribution Partnership during the year has changed as follows:

	2021 \$'000	2020 \$'000
Carrying amount at 1 July 2020	999,873	991,466
Share of results	26,519	38,407
Distributions received	(7,500)	(30,000)
Revaluation of plant and equipment assets in ActewAGL Distribution Partnership	(86,616)	-
<b>Carrying amount at 30 June 2021</b>	<b>932,276</b>	<b>999,873</b>

### 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 balance sheet.

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. The valuation is conducted by way of discounting the expected cash flows of the ActewAGL Distribution Partnership to present value.

An annual assessment of fair value is performed to determine if it is materially different to the carrying value at the end of the reporting period. The assessment includes both qualitative and quantitative reviews.

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

### Critical Accounting Estimate

Icon Distribution assesses the fair value of plant and equipment of the ActewAGL Distribution Partnership annually and revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting 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 using ActewAGL Distribution Partnership's cash flow forecasts, taking into account the latest Australian Energy Regulator's final determinations
- operating and capital expenditure is based on ActewAGL Distribution Partnership's assumptions
- the post-tax nominal discount rate used is 4.36%, consistent with Icon Water Group.

The discounted cash flow method is highly sensitive to variations in the nominal discount rate, as a result a quantitative materiality threshold is applied when revaluing the assets in the investment in ActewAGL Distribution Partnership.

Due to the highly sensitive nominal discount rate used in discounted cash flow models, Icon Distribution assesses whether the revaluation increment or decrement is material. In addition, an assessment has been made as to whether qualitative factors, including economic and industry specific factors could impact the valuation.

The valuation exercise for the year ending 30 June 2021, combined with the qualitative assessment primarily linked to the ACT Government policy to reduce carbon emissions to zero by 2045, resulted in an \$86.6 million decrement adjustment being required (30 June 2020: no adjustment). This adjustment was recognised within the Asset revaluation reserve balance.

After application of the equity method, Icon Distribution determines whether it is necessary to recognise an impairment loss on its investment in the ActewAGL Distribution Partnership. At each reporting date, Icon Distribution determines whether there is objective evidence that the investment in the joint venture partnership is impaired. If there is such evidence, Icon Distribution calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of net profit of the joint venture partnership accounted for using the equity method' in the statement of profit or loss.



## 6. Financial liabilities

	2021 \$'000	2020 \$'000
<b>Current liabilities</b>		
Trade payables	11	17
	<b>11</b>	17
<b>Non-current liabilities</b>		
Intercompany loan	639,929	619,925
	<b>639,929</b>	619,925

The movement in the intercompany loan with the parent entity, Icon Water Limited, is as follows:

	2021 \$'000	2020 \$'000
Intercompany loan at the beginning of the financial year	619,925	593,785
Net increase in intercompany loan with Icon Water	22,163	23,981
Non-cash adjustments of income tax equivalents expense for prior periods	(2,159)	2,159
<b>Intercompany loan at the end of the financial year</b>	<b>639,929</b>	619,925

### 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

	2021 \$'000	2020 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
- Share of deferred tax from ActewAGL Distribution Partnership	60,785	56,507
- Asset revaluation	63,459	89,444
- Other	(2)	(2)
	<b>124,242</b>	145,949
<b>Movements:</b>		
Balance at the beginning of the year	145,949	144,912
Charged:		
- to profit or loss	2,119	3,196
- directly to equity	(25,985)	-
- adjustments of income tax expense for prior periods (i)	2,159	(2,159)
<b>Balance at the end of the year</b>	<b>124,242</b>	145,949

	Share of deferred tax from ActewAGL Distribution Partnership \$'000	Asset revaluation \$'000	Other \$'000	Total \$'000
At 1 July 2019	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)
At 30 June 2020	56,507	89,444	(2)	145,949
<b>At 1 July 2020</b>	<b>56,507</b>	<b>89,444</b>	<b>(2)</b>	<b>145,949</b>
Charged / (Credited):				
- to profit or loss	2,119	-	-	2,119
- directly to equity (refer note 3a)	-	(25,985)	-	(25,985)
- adjustments of income tax expense for prior periods (i)	2,159	-	-	2,159
<b>At 30 June 2021</b>	<b>60,785</b>	<b>63,459</b>	<b>(2)</b>	<b>124,242</b>

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

## 8. Equity

### (a) Contributed equity

	2021 \$'000	2020 \$'000
Ordinary shares - fully paid	400	400
<b>Total contributed equity</b>	<b>400</b>	<b>400</b>

At 30 June 2021 Icon Distribution has 400,000 fully paid ordinary shares with a par value of \$1.00 (2020: 400,000).

*Movements in ordinary share capital:*

There has been no movement in share capital.

Icon Distribution does not have authorised capital.

### (b) Reserves

	2021 \$'000	2020 \$'000
Asset revaluation reserve	148,071	208,702
<b>Total reserves</b>	<b>148,071</b>	<b>208,702</b>

#### 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. Remuneration of auditors

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

	2021 \$	2020 \$
Audit of the financial statements	16,023	15,560
<b>Total remuneration of auditors</b>	<b>16,023</b>	<b>15,560</b>

## 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:

	2021 \$'000	2020 \$'000
Capital commitments	6,355	7,108
<b>Total commitments</b>	<b>6,355</b>	<b>7,108</b>

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 2021.

### (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 2020: \$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 2021 (30 June 2020: nil).

## 11. Contingencies

No contingent liabilities are known to the directors at the date of this report (30 June 2020: nil).

## 12. Commitments for expenditure

At 30 June 2021, Icon Distribution had not committed to any future capital expenditure (30 June 2020: 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  
Dr Thomas Parry AM, Director  
Brett Tucker, Director  
Dorte Ekelund, Director  
Dr Helen Locher, Director  
Peter Dennis, Director

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

### (b) Remuneration of directors

(i) *Directors' remuneration*

No director has been remunerated in respect of Icon Distribution at 30 June 2021 (30 June 2020: nil).

(ii) *Retirement benefits*

There were no retirement benefits paid to directors at 30 June 2021 (30 June 2020: nil).

(iii) *Loans to directors*

There were no loans to any directors at 30 June 2021 (30 June 2020: 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  
Dr Thomas Parry AM, Director  
Brett Tucker, Director  
Dorte Ekelund, Director  
Dr Helen Locher, Director  
Peter Dennis, Director

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

#### 14. Related party transactions (continued)

##### (d) Parent entity

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

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

The principal activity of Icon Distribution is to hold a 50% interest in the ActewAGL Distribution Partnership, on behalf of Icon Water. All transactions with the wholly-owned group are at arm's length.

The following transactions occurred with related parties:

	2021	2020
	\$	\$
Income from the ActewAGL Distribution Partnership	26,518,909	38,406,710
<b>The following balances are outstanding at the reported date in relation to transactions with related parties:</b>		
- Dividend payable to Icon Water	19,622,794	24,880,138
- Intercompany loan liability – Icon Water	639,928,977	619,925,444

## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 27, 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 2021 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 25 August 2021. The directors have the power to amend and reissue the financial statements.



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Wendy Caird  
Chair

Kangaroo Valley  
31 August 2021



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Ray Hezkial  
Director

Canberra  
31 August 2021



Icon Retail Investments  
Limited

ABN 23 074 371 207

General Purpose

**ANNUAL REPORT**

For the year ended  
30 June 2021

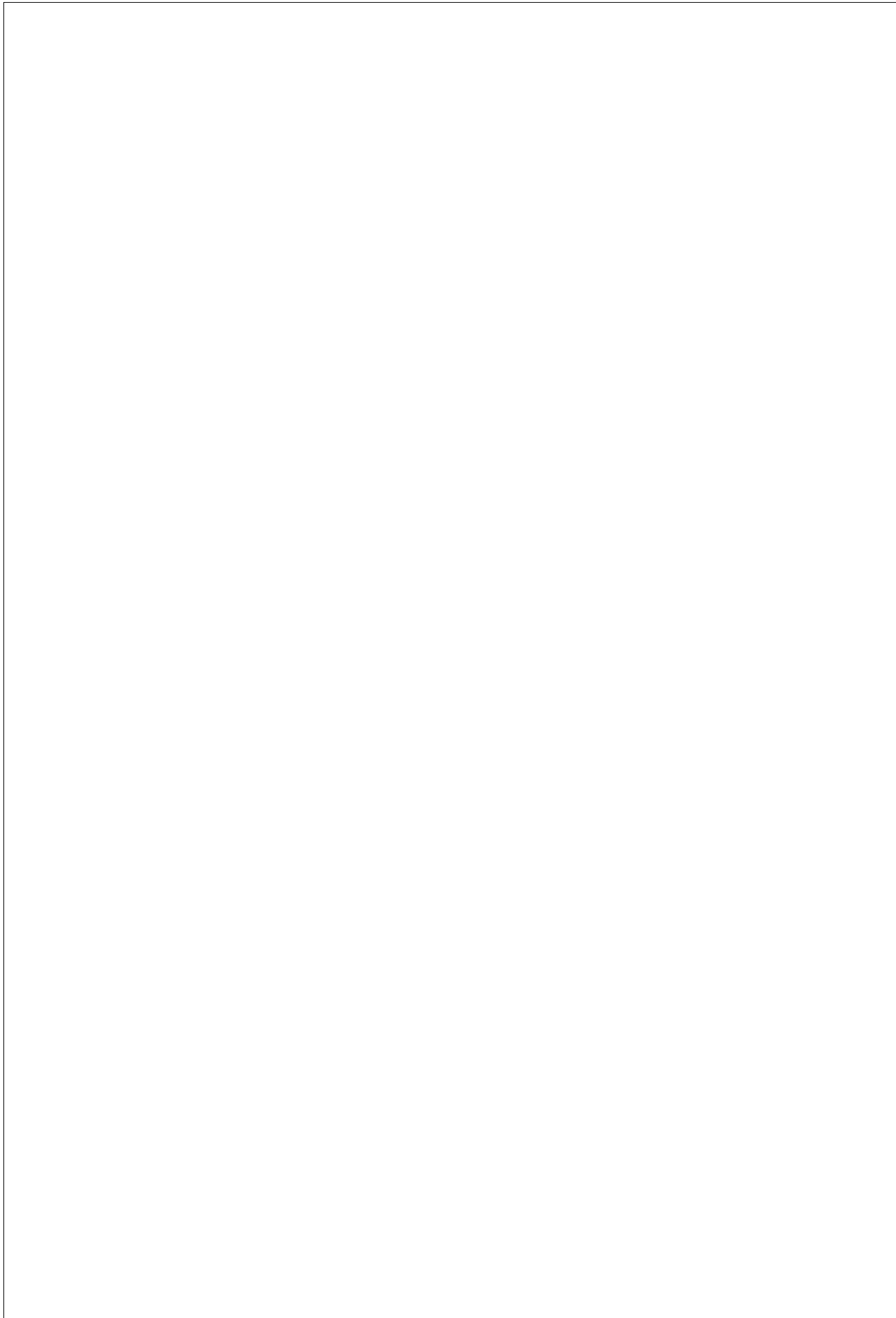


# Icon Retail Investments Limited

ABN 23 074 371 207

Annual Report for the year  
ended 30 June 2021

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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 2021.

### 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 Deputy Chair 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 the Audit Committee for Transport Canberra and City Services Directorate and she also has various governance roles for Commonwealth Government entities (including as a Member of the Audit & Risk Committees 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 a 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 has undertaken multiple roles prior to his appointment as Managing Director in November 2018. 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.

Mr Hezkial has a Master of Business Administration, Diploma in Project Management, and Bachelor of Engineering (Civil). Mr Hezkial is a Member of the Institute of Engineers Australia and of the Australian Institute of Company Directors.

### 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 a Member of the ActewAGL Partnerships Board, and held the role as Chair from 19 December 2018 until 2 October 2020. 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.

## 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, and 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. He 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 a Member of the Northern Territory Planning Commission, a Member of the University of Wollongong's SMART Infrastructure Advisory Council, 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 strategic and statutory land use and infrastructure planning across all levels of government. She has headed the Federal Government's Major Cities Unit, was Deputy Director-General of the Western Australia Department Planning and Infrastructure, and of particular relevance to Icon Water, formerly held the

role of Director-General of the ACT Environment, Planning and Sustainable Development Directorate (2013–2017) where she was responsible for energy and water policy and programs, as well as urban planning.

Ms Ekelund has considerable experience in environmental policies and management, including climate change mitigation and adaptation action. Her experience in energy includes membership of the Council of Australian Governments (COAG) Energy Senior Officials and oversight of significant policy initiatives and investment in renewables which led to the ACT sourcing 100% of its electricity from renewable sources. 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

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.

Dr Locher 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

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. He 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 holding 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)'.

Mr Dennis 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

### Alison Pratt

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

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 Graduate 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	6
Carol Lilley	6	6
Ray Hezkial	6	6
Dr Thomas Parry AM	5	6
Brett Tucker	6	6
Dorte Ekelund	6	6
Dr Helen Locher	6	6
Peter Dennis	6	6

## Principal activities and review of operations

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

## Significant changes in the state of affairs

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

## Trading results and dividends

A dividend of \$9,685,031 (2020: \$13,192,953) has been declared by the directors to be paid, which is 100% of 30 June 2021 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

The proposed formation of ActewAGL New Energy Pty Ltd reported as a likely development in the prior year did not eventuate. This outcome, including the rationale, has been communicated to Icon Water's shareholders.

## 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. During the financial year, Icon Retail materially complied with all requirements in respect to these licenses. There have been no recorded incidents of non-compliance with laws or regulations which has resulted in the issuance of directions, sanctions or fines to Icon Retail.

## 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 2020-21 financial year.

## Indemnity of officers and directors

Icon Water has indemnified officers and directors of Icon Retail and its controlled entities against liabilities and legal costs arising in the course of their duties. This includes as a director appointed by Icon Water or by a subsidiary company to Icon Water to serve on the board of a company or partnership that is part owned directly or indirectly by Icon Water or by a subsidiary company of Icon Water, to the extent permitted by the *Corporations Act 2001*. This indemnity is to operate only where and to the extent that the director or officer is unable to require an insurer to meet the damage, liability, cost, loss or expense. No liability has arisen under these indemnities as at the date of this report.

## Auditor's independence declaration

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



### Rounding of amounts

Icon Retail is a company of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission (ASIC), relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



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Wendy Caird  
Chair

Kangaroo Valley  
31 August 2021



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Ray Hezkial  
Director

Canberra  
31 August 2021

## 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 2021 which comprises the statement of profit or loss and other comprehensive income, balance sheet, 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 2021, 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**

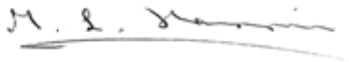
My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

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  
3 September 2021

**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 2021, 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.



Michael Harris  
Auditor-General  
3 September 2021

## Statement of profit or loss and other comprehensive income

	Note	2021 \$'000	2020 \$'000
<b>Revenue</b>			
Share of net profit of the joint venture partnership accounted for using the equity method	2	14,539	18,849
Other income from ActewAGL Retail Partnership	2	-	69
		14,539	18,918
<b>Expenses</b>			
Other expenses arising from ordinary activities		(14)	(16)
		(14)	(16)
<b>Profit before income tax equivalents expense</b>		<b>14,525</b>	18,902
Income tax equivalents expense	3a	(4,840)	(5,709)
<b>Profit for the year</b>		<b>9,685</b>	13,193
<b>Total comprehensive income for the year</b>		<b>9,685</b>	13,193
<b>Total comprehensive income is attributable to:</b>			
Owners of Icon Retail Investments Limited		9,685	13,193

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

## Balance sheet

	Note	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Receivables	5a	6,737	6,737
Investments accounted for using the equity method	6	49,202	57,913
Deferred tax balances	7	1,450	4,072
<b>Total non-current assets</b>		<b>57,389</b>	<b>68,722</b>
<b>Total assets</b>		<b>57,389</b>	<b>68,722</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	5b	11	16
Dividends payable	4	9,685	13,193
<b>Total current liabilities</b>		<b>9,696</b>	<b>13,209</b>
<b>Non-current liabilities</b>			
Intercompany loan	5b	46,693	54,513
<b>Total non-current liabilities</b>		<b>46,693</b>	<b>54,513</b>
<b>Total liabilities</b>		<b>56,389</b>	<b>67,722</b>
<b>Net assets</b>		<b>1,000</b>	<b>1,000</b>
<b>EQUITY</b>			
Contributed equity	8	1,000	1,000
<b>Total equity</b>		<b>1,000</b>	<b>1,000</b>

The above balance sheet should be read in conjunction with the accompanying notes.

## Statement of cash flows

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Distributions received from the ActewAGL Retail Partnership		23,250	15,750
Payments to suppliers (inclusive of goods and services tax)		(20)	(16)
<b>Net cash inflow from operating activities</b>		<b>23,230</b>	15,734
<b>Cash flows from financing activities</b>			
Income tax equivalents paid by Icon Water		(1,435)	(8,089)
Payments of dividends to Icon Water	4	(13,193)	(18,141)
<b>Net cash (outflow) from financing activities</b>		<b>(14,628)</b>	(26,230)
<b>Net decrease / (increase) in intercompany loan</b>	5b	<b>8,602</b>	(10,496)

The parent entity, Icon Water Limited, facilitates the cash transactions on behalf of Icon Retail which is offset by an intercompany loan account. All cash is handled through Icon Water and is reflected in the financial statements of that company.

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

## Statement of changes in equity

	Note	Attributable to the owners of Icon Retail		Total equity \$'000
		Contributed equity \$'000	Retained earnings \$'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)
Balance at 30 June 2020		1,000	-	1,000
Balance at 1 July 2020		1,000	-	1,000
Profit for the year		-	9,685	9,685
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	4	-	(9,685)	(9,685)
<b>Balance at 30 June 2021</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.



## 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
3. Income tax equivalents expense
4. Dividends
5. Financial assets and liabilities
6. Investments accounted for using the equity method
7. Deferred tax balances
8. Contributed equity
9. Remuneration of auditors
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 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 section 334(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 2020 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 2021, current liabilities exceed current assets by \$9.7 million. This deficiency in current assets is managed by an intercompany loan and the Icon Water 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 and presentation 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.

Where applicable, comparative figures have been adjusted to conform to changes in presentation for the current year.

### c) Goods and Services Tax (GST)

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

## 1. Significant accounting policies (continued)

### d) Impact of COVID-19 pandemic

During the financial year ended 30 June 2021, both the Federal and ACT governments provided certain measures in the form of stimulus packages and customer rebates to contain the impact that the COVID-19 pandemic may have had on the ACT economy. At 30 June 2021, the impact of COVID-19 on Icon Distribution's financial statements has been immaterial.

### e) Impact of climate change related risk

Australia's transition to a low carbon economy is subject to considerable uncertainty including in relation to government policy, technology development and consumer uptake of new technologies. The ACT Government has introduced legislated targets to reduce electricity emissions to zero from 2020 and ultimately achieve carbon neutrality by 2045. This strategy places a strong emphasis on the energy sector to effectively reduce emissions that come directly from electricity and gas assets and develop renewable energy opportunities in the short to medium term.

Icon Retail has a significant investment in the ActewAGL Retail Partnership which sells electricity, gas and other services to its retail and commercial customers in the ACT and surrounding regions. The recent change in the ACT Government's policy has not affected the future cash flow projections and recoverable asset values in determining the fair valuation of the investment in the ActewAGL Retail Partnership as at 30 June 2021.

## 2. Revenue

	2021 \$'000	2020 \$'000
Share of net profit of the ActewAGL Retail Partnership accounted for using the equity method	14,539	18,849
Other income from the ActewAGL Retail Partnership	-	69
	<b>14,539</b>	18,918

#### 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

	2021 \$'000	2020 \$'000
<b>Current tax</b>		
Current tax equivalents expense recognised in the current year	1,885	6,915
Adjustment to prior year (i)	(449)	1,174
	1,436	8,089
<b>Deferred tax</b>		
Deferred tax equivalents expense recognised in the current year	3,222	(1,248)
Adjustments to prior year (i)	182	(1,132)
	3,404	(2,380)
<b>Income tax equivalents expense</b>	<b>4,840</b>	5,709

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

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

	2021 \$'000	2020 \$'000
Profit before income tax equivalents expense	14,525	18,902
Tax at the Australian tax rate of 30% (2019-20: 30%)	4,358	5,671
Other Items:		
- Non-deductible expenses	26	12
- Share of ActewAGL Retail profits and partner share of profits	(57)	(16)
- Adjustments for income tax expense of prior periods	513	42
<b>Income tax equivalents expense</b>	<b>4,840</b>	5,709

### 3. Income tax equivalents expense (continued)

#### Accounting policy

##### *National Tax Equivalents Regime*

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

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period where 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

	2021 \$'000	2020 \$'000
Dividend payable at the beginning of the financial year	13,193	18,141
Amount appropriated from operating profit	9,685	13,193
	22,878	31,334
Amount paid during the year	(13,193)	(18,141)
<b>Dividend payable at the end of the financial year</b>	<b>9,685</b>	13,193

##### Accounting policy

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

#### 5. Financial assets and liabilities

##### a) Receivables

	2021 \$'000	2020 \$'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) Financial liabilities

	2021 \$'000	2020 \$'000
<b>Current liabilities</b>		
Trade payables	11	16
	<b>11</b>	16
<b>Non-current liabilities</b>		
Intercompany loan	46,693	54,513
	<b>46,693</b>	54,513

## 5. Financial assets and liabilities (continued)

The movement in the intercompany loan with the parent entity, Icon Water Limited, is as follows:

	2021 \$'000	2020 \$'000
Intercompany loan at the beginning of the financial year	54,513	44,800
Net (decrease) / increase in intercompany loan with Icon Water	(8,602)	10,496
Non-cash adjustments of income tax equivalents expense for prior periods	782	(783)
<b>Intercompany loan at the end of the financial year</b>	<b>46,693</b>	54,513

### Accounting policy

#### Trade payables

Trade 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

	2021 \$'000	2020 \$'000
<b>Non-current assets</b>		
Investments in the ActewAGL Retail Partnership and ActewAGL Retail Investments Pty Ltd	49,202	57,913
	<b>49,202</b>	57,913

### 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 2020-21.

## 7. Deferred tax balances

	2021 \$'000	2020 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
- Share of deferred tax from ActewAGL Retail Partnership	1,448	4,070
- Accruals	3	3
- Other	(1)	(1)
	<b>1,450</b>	4,072
<b>Movements:</b>		
Balance at the beginning of the year	4,072	2,475
Charged / (Credited):		
- to profit or loss	(3,404)	2,380
- adjustments of income tax expense for prior periods (i)	782	(783)
<b>Balance at the end of the year</b>	<b>1,450</b>	4,072

	Share of deferred tax from ActewAGL Retail Partnership \$'000	Accruals \$'000	Other \$'000	Total \$'000
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)
At 30 June 2020	4,070	3	(1)	4,072
<b>At 1 July 2020</b>	<b>4,070</b>	<b>3</b>	<b>(1)</b>	<b>4,072</b>
Charged / (Credited):				
- to profit or loss	(3,404)	-	-	(3,404)
- adjustments of income tax expense for prior periods (i)	782	-	-	782
<b>- At 30 June 2021</b>	<b>1,448</b>	<b>3</b>	<b>(1)</b>	<b>1,450</b>

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



## 8. Contributed equity

	2021 \$'000	2020 \$'000
Ordinary shares - fully paid	1,000	1,000
<b>Total contributed equity</b>	<b>1,000</b>	<b>1,000</b>

At 30 June 2021 Icon Retail has 1,005 fully paid ordinary shares with a par value of \$1.00 (2020: 1,005).

### *Movements in ordinary share capital:*

There has been no movement in share capital.

Icon Retail does not have authorised capital.

## 9. Remuneration of auditors

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

	2021 \$	2020 \$
Audit of the financial statements	16,023	15,560
	<b>16,023</b>	<b>15,560</b>

## 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. 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 2021.

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

The ActewAGL Retail Partnership did not have any contractual commitments for future expenditure as at 30 June 2021 (30 June 2020: nil).

### 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 2021 (30 June 2020: nil).

## 11. Contingencies

No contingent liabilities are known to the directors at the date of this report (30 June 2020: nil).

## 12. Commitments for expenditure

At 30 June 2021, Icon Retail had not committed to any future capital expenditure (30 June 2020: 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  
Dr Thomas Parry AM, Director  
Brett Tucker, Director  
Dorte Ekelund, Director  
Dr Helen Locher, Director  
Peter Dennis, Director

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

#### b) Remuneration of directors

(i) *Directors' remuneration*

No director has been remunerated in respect of Icon Retail at 30 June 2021 (30 June 2020: nil).

(ii) *Retirement benefits*

There were no retirement benefits paid to directors at 30 June 2021 (30 June 2020: nil).

(iii) *Loans to directors*

There were no loans to any directors at 30 June 2021 (30 June 2020: 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  
Dr Thomas Parry AM, Director  
Brett Tucker, Director  
Dorte Ekelund, Director  
Dr Helen Locher, Director  
Peter Dennis, Director

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

#### 14. Related party transactions (continued)

##### d) Parent entity

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

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

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

The following transactions occurred with related parties:

	2021 \$	2020 \$
Income from the ActewAGL Retail Partnership	14,539,332	18,917,676
<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	9,685,031	13,192,953
- Intercompany loan liability – Icon Water	46,692,970	54,513,431

## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 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 2021 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 25 August 2021. The directors have the power to amend and reissue the financial statements.



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Wendy Caird  
Chair

Kangaroo Valley  
31 August 2021



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Ray Hezkial  
Director

Canberra  
31 August 2021

**ActewAGL Joint Venture**

**Summary financial report  
for the year ended 30 June 2021**

***ActewAGL***

**ActewAGL Joint Venture**  
**Summary financial report**  
For the year ended 30 June 2021

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**ActewAGL Joint Venture**  
**Introduction to the summary financial report**  
For the year ended 30 June 2021

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**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 2021.

**Profit**

Profit for the year ended 30 June 2021 was \$82 million, compared to the prior year's profit of \$115 million.

Total revenue for the year ended 30 June 2021 was \$843 million compared to \$904 million in the prior year. The decrease is primarily due to the decreased sale of energy attributable to lower energy consumption.

Total other income for the year ended 30 June 2021 was \$28 million compared to \$25 million in the prior year. The increase is primarily due to the increase in capital contributions received in our energy networks business Evoenergy for capital works undertaken on behalf of its customers.

The total cost of providing goods and services for the year ended 30 June 2021 was \$710 million compared to \$736 million in the prior year. The decrease is primarily due to the decrease in cost of energy purchases due to lower energy consumption partially offset by 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.

**Cash flow**

The Joint Venture generated \$165 million from its operating activities for the year ended 30 June 2021 compared to \$202 million in the prior year.

Net cash outflows used in investing activities were \$89 million for the current year, compared to \$105 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, \$62 million was distributed to ActewAGL's Partners, \$30 million lower than the \$92 million in the prior year primarily due to the decrease in profit.

**Financial position**

At 30 June 2021, the Joint Venture had net assets of \$1,538 million compared to \$1,517 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 2021 was \$91 million, \$7 million higher than the prior year. Current assets were \$292 million compared to \$290 million in the prior year. Current liabilities were \$230 million compared to \$223 million at the same time last year. The Joint Venture does not have any borrowings other than for leases of motor vehicles.

The carrying value of property, plant and equipment is \$1,391 million, compared to \$1,361 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 5% compared to 8% 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 2021

	2021 \$'000	2020 \$'000
<b>Continuing operations</b>		
Revenue	842,958	903,838
Other income	27,545	24,952
Cost of providing goods and services	(709,671)	(736,135)
Share of profits of joint ventures	276	311
Profit before net financing costs, depreciation and amortisation	161,108	192,966
Depreciation and amortisation	(77,807)	(77,815)
<b>Profit before net financing costs</b>	<b>83,301</b>	<b>115,151</b>
Finance income	695	1,874
Finance costs	(1,834)	(1,775)
<b>Net financing costs</b>	<b>(1,139)</b>	<b>99</b>
Profit before tax	82,162	115,250
Income tax expense	(183)	(505)
<b>Profit for the year</b>	<b>81,979</b>	<b>114,745</b>
<b>Profit for the year is attributable to:</b>		
<b>Partners of the ActewAGL Joint Venture</b>	<b>81,979</b>	<b>114,745</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>81,979</b>	<b>114,745</b>
<b>Total comprehensive income for the year is attributable to:</b>		
<b>Partners of the ActewAGL Joint Venture</b>	<b>81,979</b>	<b>114,745</b>



**ActewAGL Joint Venture**  
**Statement of financial position**  
As at 30 June 2021

	2021	2020
	\$'000	\$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	91,222	83,764
Trade and other receivables	61,775	69,220
Contract assets	121,389	117,108
Inventories	8,893	9,721
Other current assets	8,695	9,770
<b>Total current assets</b>	<b>291,974</b>	<b>289,583</b>
<b>Non-current assets</b>		
Investments in joint ventures	2,527	1,668
Receivables	2,379	3,053
Property, plant and equipment	1,390,853	1,360,835
Right-of-use assets	24,407	30,521
Intangible assets	82,626	89,003
<b>Total non-current assets</b>	<b>1,502,792</b>	<b>1,485,080</b>
<b>Total assets</b>	<b>1,794,766</b>	<b>1,774,663</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	77,430	62,557
Contract liabilities	117,206	125,240
Provisions	25,556	26,143
Other liabilities including leases	9,316	8,799
<b>Total current liabilities</b>	<b>229,508</b>	<b>222,739</b>
<b>Non-current liabilities</b>		
Contract liabilities	1,206	1,005
Provisions	5,518	5,707
Other liabilities including leases	20,977	28,134
<b>Total non-current liabilities</b>	<b>27,701</b>	<b>34,846</b>
<b>Total liabilities</b>	<b>257,209</b>	<b>257,585</b>
<b>Net assets</b>	<b>1,537,557</b>	<b>1,517,078</b>
<b>Joint Venture Funds</b>		
Joint Venture funds	1,537,557	1,517,078
<b>Total Joint Venture funds</b>	<b>1,537,557</b>	<b>1,517,078</b>

**ActewAGL Joint Venture**  
**Statement of changes in Joint Venture funds**  
For the year ended 30 June 2021

	Total Joint Venture funds \$'000
<b>Balance at 1 July 2020</b>	<b>1,517,078</b>
Profit for the year	81,979
Other comprehensive income for the year	-
<b>Total comprehensive income for the year</b>	<b>81,979</b>
<b>Transactions with Partners in their capacity as Partners:</b>	
Distributions paid	(61,500)
<b>Balance at 30 June 2021</b>	<b>1,537,557</b>

	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>

**ActewAGL Joint Venture**  
**Statement of cash flows**  
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	978,513	1,071,393
Payments to suppliers and employees (inclusive of GST)	(811,688)	(869,835)
Income taxes paid	(524)	-
Finance income received	735	1,788
Finance costs paid	(1,619)	(1,588)
<b>Net cash inflow from operating activities</b>	<b>165,417</b>	<b>201,758</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(77,039)	(95,118)
Payments for intangible assets	(12,865)	(10,189)
Proceeds from sale of property, plant and equipment	553	687
Distributions received from joint ventures	231	-
Payments for investments in joint ventures	(583)	-
Receipts from loan repayments from joint ventures	624	-
<b>Net cash (outflow) from investing activities</b>	<b>(89,079)</b>	<b>(104,620)</b>
<b>Cash flows from financing activities</b>		
Distributions paid to Partners	(61,500)	(91,500)
Principal elements of lease payments	(7,380)	(7,168)
<b>Net cash (outflow) from financing activities</b>	<b>(68,880)</b>	<b>(98,668)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,458</b>	<b>(1,530)</b>
Cash and cash equivalents at the beginning of the year	83,764	85,294
<b>Cash and cash equivalents at the end of the year</b>	<b>91,222</b>	<b>83,764</b>

**ActewAGL Joint Venture**  
**Joint Venture Board's declaration**  
For the year ended 30 June 2021

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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 *ACTEWAGL 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 2021 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.



Damien Nicks  
Chair

Melbourne, 31 August 2021



Ray Hezkial  
Board Member

Canberra, 31 August 2021

## 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 2021 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 2021.

On 3 September 2021, I issued an unmodified audit opinion on the special purpose financial report of the Joint Venture for the year ended 30 June 2021.

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 2021, is consistent, in all material respects, 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

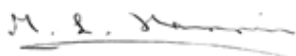
The summary financial report does not contain all Australian Accounting Standard disclosures applied by the Joint Venture in preparing in the audited special purpose financial report. Reading the summary financial report and auditor's report thereon, therefore, is not a substitute for reading the audited special purpose financial report or auditor's report.

### Responsibilities of the Joint Venture Board 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  
3 September 2021

### 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 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Michael Harris  
Auditor-General  
3 September 2021



COMPLIANCE

# COMPLIANCE STATEMENT

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The Icon Water Limited (Icon Water) Annual Report must comply with the 2021 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 requirements within Part 2 of the Directions are mandatory for all reporting 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 follows:

- Transmittal certificate (see page 1)
- Organisational overview and performance (see page 14 and section 3)
- Financial management analysis (see pages 80 – 83)

## 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 2020–21 reporting period in relation to:

- Dangerous Substances
- Medicines, Poisons and Therapeutic Goods

## Part 4 Agency Specific Annual Report Requirements

The following subsections of Part 4 of the Directions are not applicable to Icon Water and are disclosed in the Omissions Report:

- Chief Minister, Treasury and Economic Development
- Education and Training
- Health
- City Centre Marketing and Improvements Levy
- Gambling and Racing

- Ministerial and Director-General Directions
- Public Land Management Plans

## 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 2020–21 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 requirements of Part 5 is found in the Icon Water Annual Report as follows:

- Bushfire risk management (page 72)
- Human Rights Act (page 76)
- Legal services directions (page 77)
- Territory records management (page 74)



# 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 – Year in review.
C.4 Asset Management	Government policy – not applicable to Icon Water. Details of Icon Water’s Asset Management Strategies are detailed in Section 3 – Year in review.
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 (Year in Review); and audited financial statements are provided at Section 5 Financial reports.
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

## GLOSSARY OF ACRONYMS

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AGL	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
IMS	Integrated Management System
KMP	Key management personnel
LMWQCC	Lower Molonglo Water Quality Control Centre
M2G	Murrumbidgee to Googong pipeline
ML	Megalitres
RAP	Reconciliation Action Plan
SCADA	Supervisory Control and Data Acquisition System
TRO	Territory Records Office
WSAA	Water Services Association of Australia
WTP	Water Treatment Plant

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## Principal Registered Office

Level 5, ActewAGL House  
40 Bunda Street  
Canberra ACT 2600

## Mitchell Office

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## Postal address

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Canberra ACT 2601

**ACN:** 069 381 960

**ABN:** 86 069 381 960

## 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，请拨打上述号码  
برای کمک زبانی به شماره بالا تلفن بنزید  
மொழியெய்த்ப்பாணி உதவிக்கு மேலே உள்ள இலக்கத்தை அழகுறுங்கள்  
Nếu cần thông dịch viên, hãy gọi đến số trên đây

## Talk to us

**E** [talktous@iconwater.com.au](mailto:talktous@iconwater.com.au)

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[iconwater.com.au](http://iconwater.com.au)

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