

2021 – 22
**ANNUAL
REPORT**
to the ACT Government



Acknowledgement of Country

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.



16 September 2022

Mr Andrew Barr MLA
Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Dear Chief Minister

We are pleased to present Icon Water Limited's 2021–22 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.

We 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 2021 to 30 June 2022.

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hereby certify that fraud prevention has been managed in accordance with the Public Sector Management Standards 2006 (repealed), Part 2.3 (see section 113, Public Sector Management Standards 2016).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

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

We are pleased to present Icon Water Limited's Annual Report 2021–22 to the ACT Government and our community.

Our Annual Report details our performance against our strategic objectives and priorities. It provides an opportunity to reflect on the outcomes achieved and above all, the tremendous efforts of our people.

The past twelve months have continued to present challenges, including the continuation of the COVID-19 pandemic and increasing wet weather events. The incredible spirit of collaboration and commitment to service that our people provide has seen us successfully meet these challenges. We have continued to adapt our priorities and work arrangements to respond to changes while ensuring we maintain our core services to our customers and community.

We are proud to highlight our key achievements for 2021–22 within this report, which include the health and safety initiatives that supported our staff through COVID-19 lockdowns, the delivery of actions from our eMission Possible Plan, the continuation of our reconciliation journey through our Reflect Reconciliation Action Plan, the preparation and submission of our 2023–28 Price Proposal to the Independent Competition and Regulatory Commission, and significant capital works across our network.

In 2021–22 we achieved strong financial results for the year with net profit of \$76.0m which was in line with budget, with a significant contribution attributable to our energy investment. Dividends paid to our shareholders totalled \$57.2m, as well as income tax equivalent payments totalling \$13.6m. Despite experiencing COVID-19 construction restrictions early in the financial year, we delivered \$68.5m of capital expenditure over 2021–22 and several capital projects are highlighted in this report.

Over this reporting period, we were proud to be finalists in the Australian Water Association's Customer Experience Awards for our 'Free the Poo Campaign'. In November 2021, our education program was awarded the ACT Environmental Educator of the Year 2021 for our outstanding contribution to environmental education. In March 2022 as part of the AWA ACT Water Awards, and in partnership with Aurecon, we were also awarded the Infrastructure Project Innovation Award for 'Adaptive planning to enhance Canberra's preparedness for future droughts'.

On 16 November 2021, Ms Julie-Anne Schafer commenced as a non-Executive Director on the boards of Icon Water Limited, Icon Retail Investments Limited and Icon Distribution Investments Limited. Ms Schafer takes up the vacant Board position following Dr Tom Parry's departure after six years of service. On behalf of the Board and the Icon Water Executive, we would like to acknowledge Dr Parry's considerable contributions over his tenure. Dr Parry has played a significant role for Icon Water, particularly as our representative on the ActewAGL Partnerships Board and in the management of our investment in the energy business.

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

HAWIPDEN

ORGANISATION





ABOUT US

At Icon Water Limited (Icon Water), we've been part of the Canberra and region community for more than 100 years. Everyday we're proud to support our region by sourcing, treating and supplying water, and managing 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 wastewater pumping stations, pipes and other related infrastructure – an asset base valued at around \$3.2 billion. We also manage an investment, valued at around \$1.0 billion, in the ActewAGL Joint Venture, which operates in the energy sector.

We are proud to support growth in Canberra and our region by continuing to provide a high quality and secure water supply to the Canberra and Queanbeyan communities. 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.

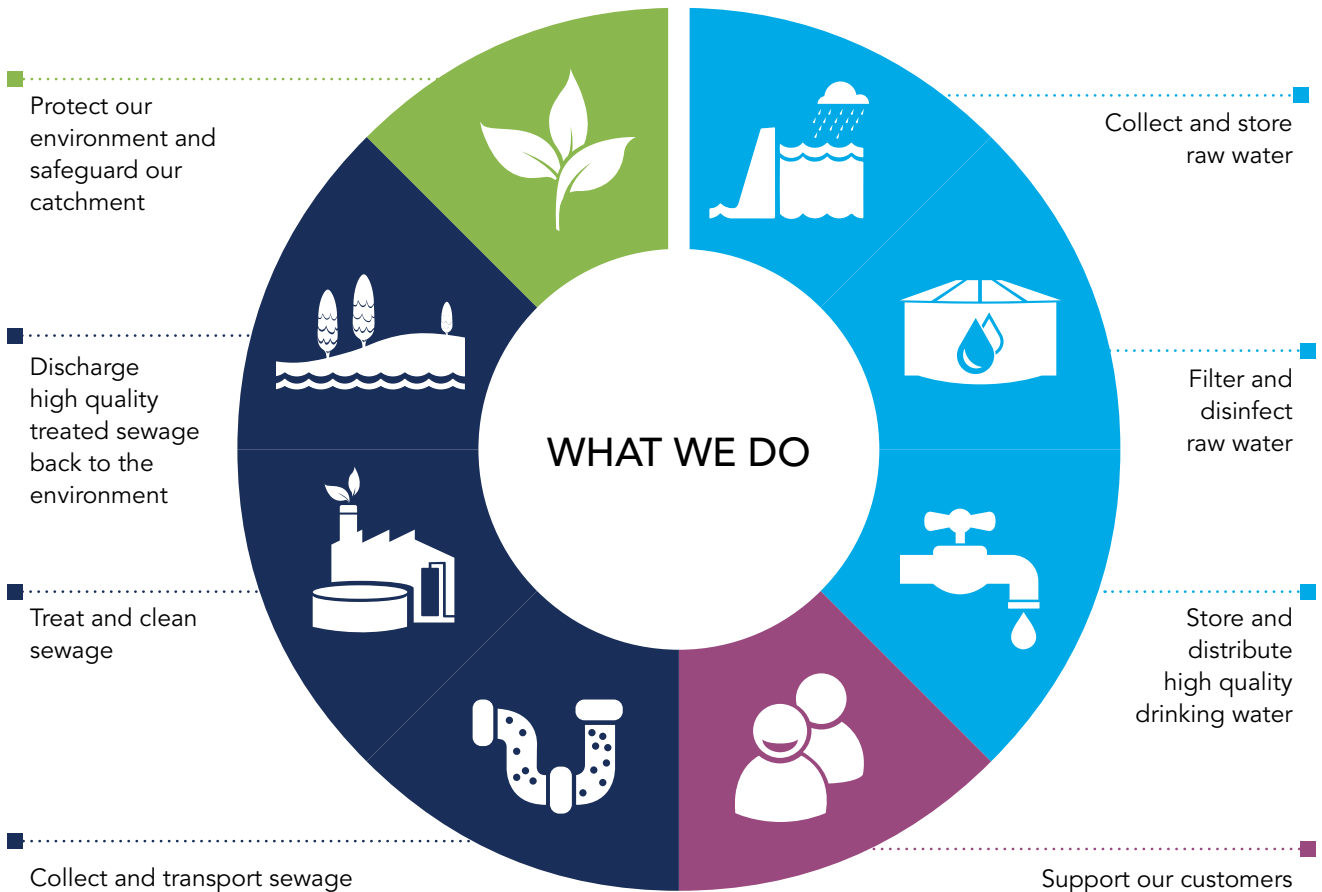
As a Territory-owned corporation, Icon Water has four important objectives under the *Territory-owned Corporations Act 1990*:

- 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.

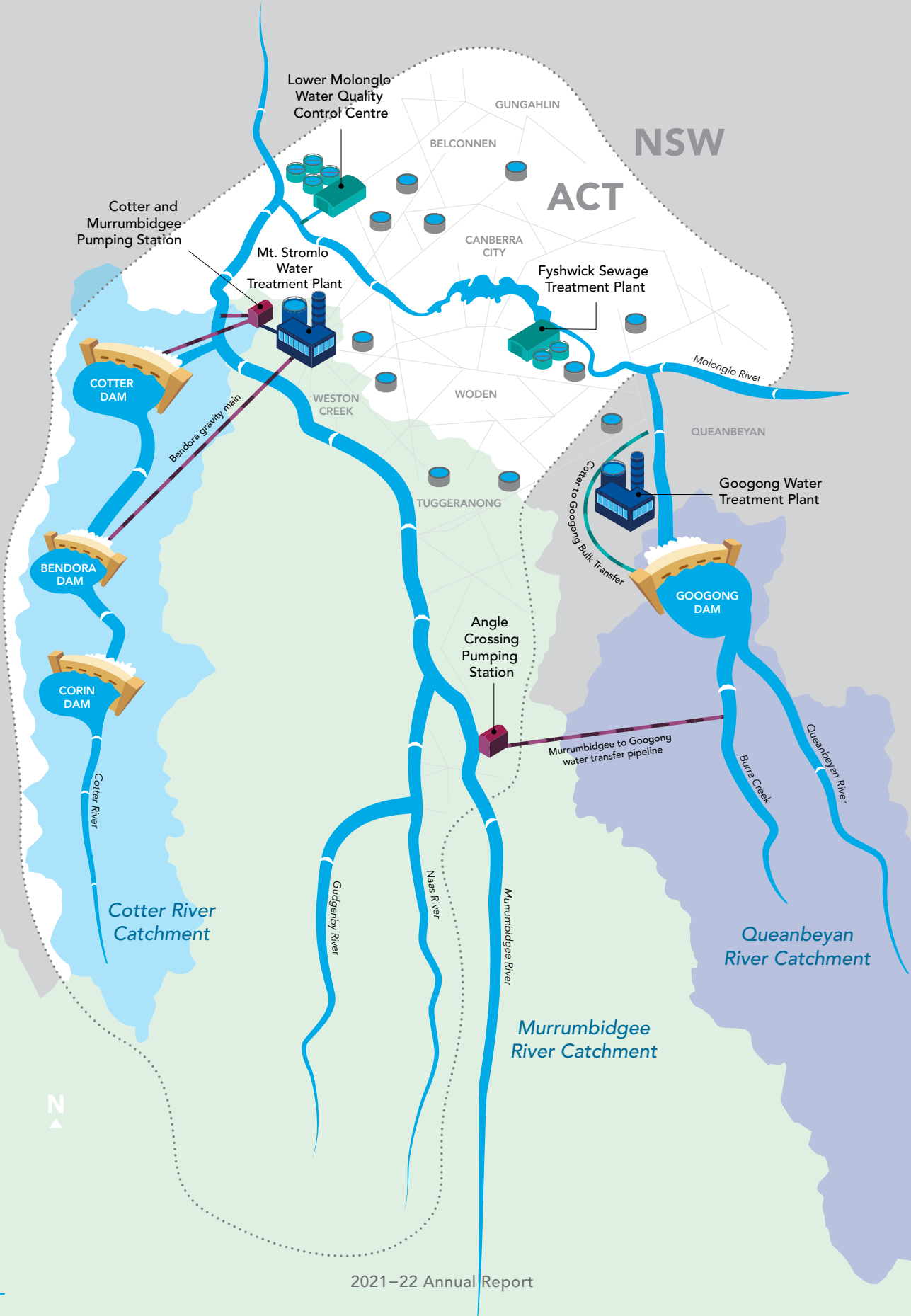


Figure 1: What we do at Icon Water



OUR NETWORK

(WATER AND WASTEWATER)





OUR ASSETS

\$3.2 billion

of water and wastewater 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

Icon Water is unique in the utility industry. We provide water and wastewater 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 livability, planning, sustainability and climate change, and a commitment to corporate social responsibility (including safety, customer service and customer satisfaction).

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

As at 30 June 2022, members of the ActewAGL 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

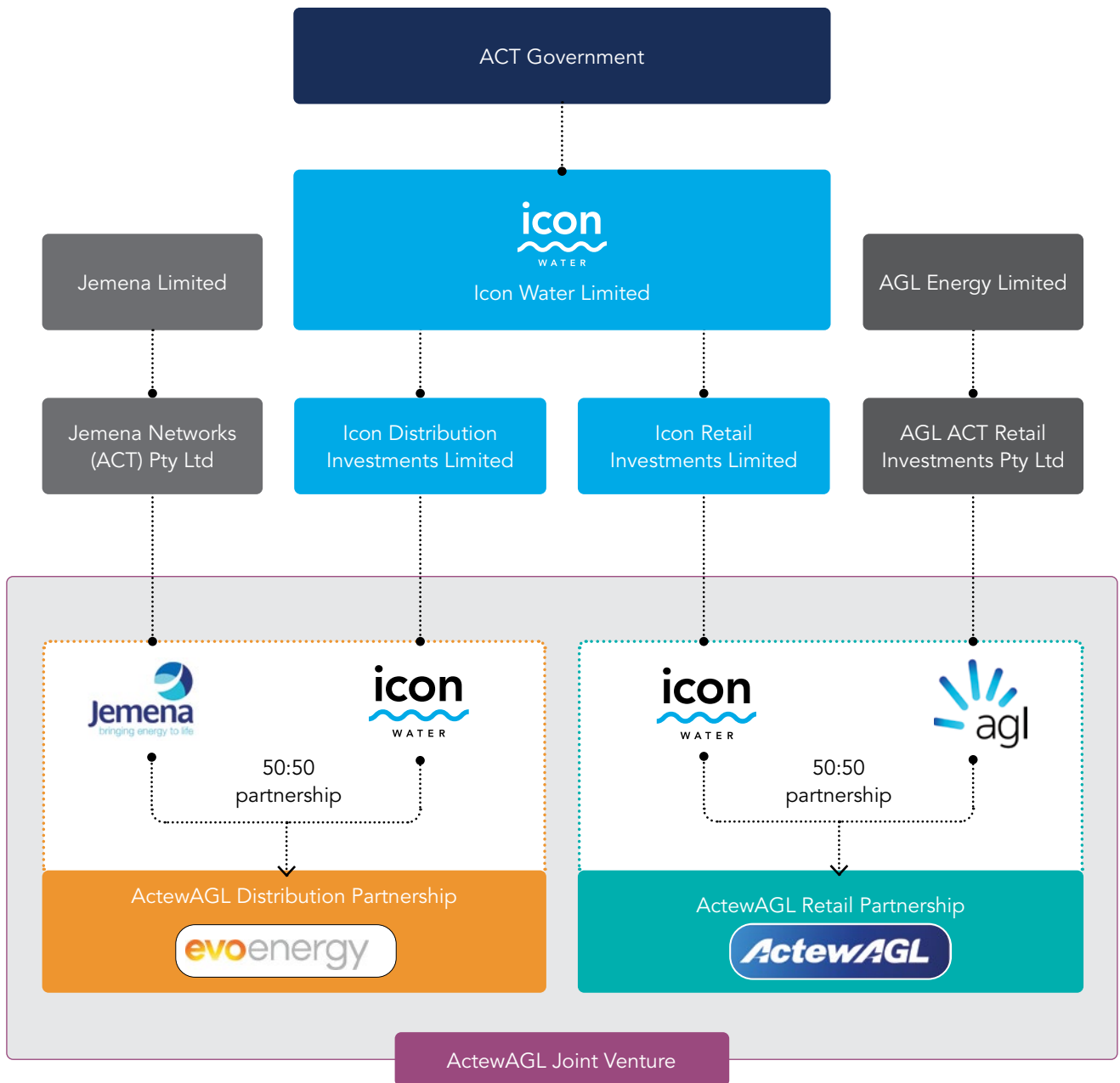
Details of ActewAGL's financial performance for 2021–22 are available in the Financial Reports section. More information on ActewAGL is available at actewagl.com.au.

The ActewAGL joint venture, guided by the ActewAGL Partnerships Board, is committed to the ACT Government's ambition to achieve net zero emissions by 2045, and has undertaken detailed modelling to understand how to achieve this ambition as well as its implications on the electricity and gas networks and on customers. In close working relationship with the ACT Government, the joint venture is planning for the expansion of the electricity network to enable the ACT's energy transition while maintaining energy security, reliability and affordability.

The joint venture is also 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 battery tariff trials to investigate cost-reflective pricing options for customers with battery technology, to make such tariffs more widely available in the future.

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 2021–22

Our purpose

To sustain and enhance quality of life

Our vision

To be a valued partner in our community

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.

Our strategic objectives and domains

Workplace

Build a culture that values safety, innovation and inclusiveness



- People health and safety

Sustainable value

Deliver sustainable value for our community and shareholders



- Asset management
- Operations
- Finance
- Digital
- Sustainability and environment
- Governance

Customer

Enhance the customer experience



- Customer and community

OUTLOOK 2022–23

Our Business Strategy 2022–23 to 2025–26 outlines how we will achieve our objectives and realise our vision – to be a valued partner in our community.

We are 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 customer and community engagement.

During 2022–23, we will continue to focus on the eight strategic priorities that were commenced during 2021–22 to help us meet these objectives. These priorities encompass key activities to improve on the work we do every day.

Strategic priorities for 2022–23



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 and community engagement

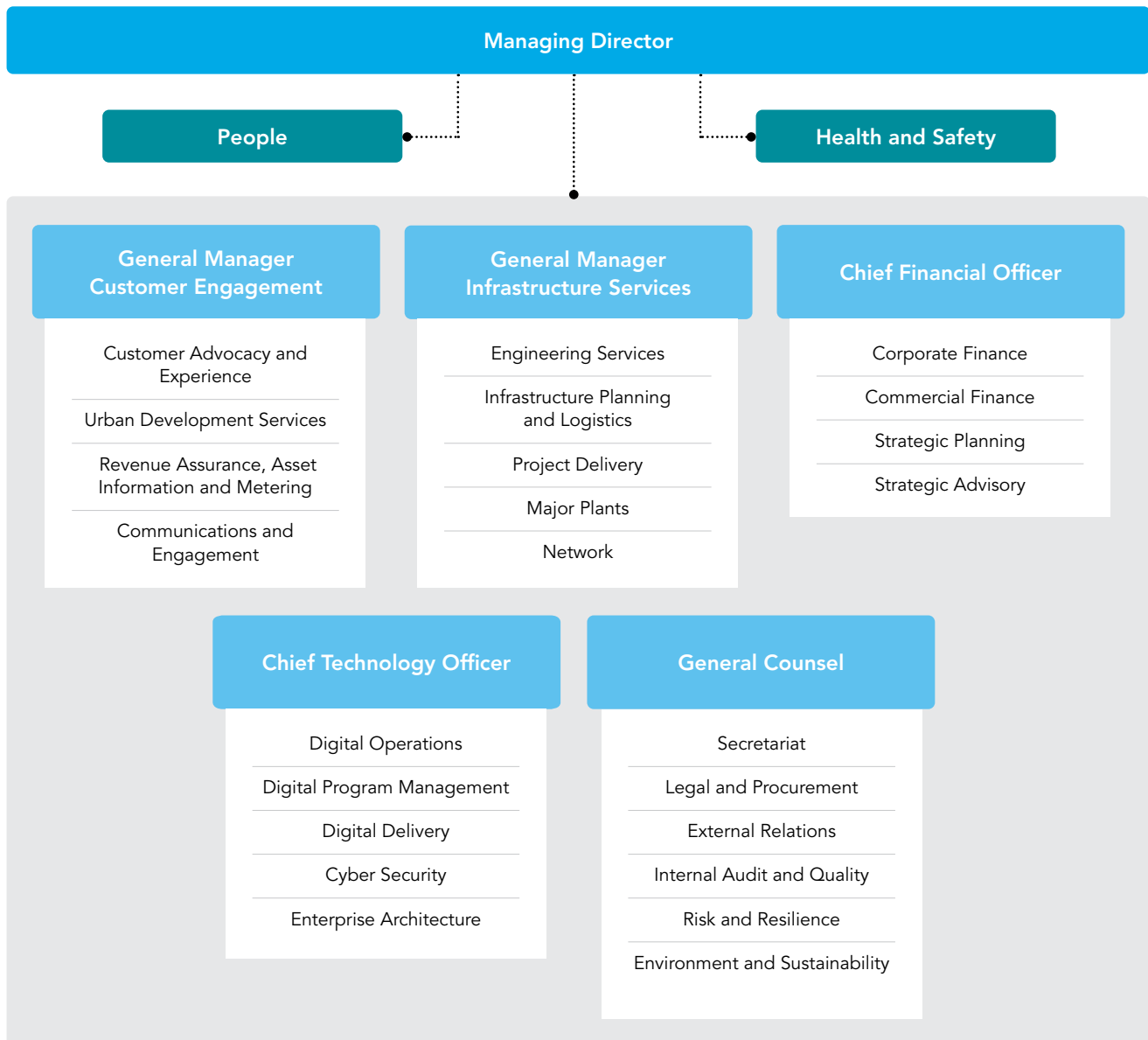
ORGANISATIONAL STRUCTURE

Icon Water is made up of five groups, each led by an executive. Given the critical and interlinked nature of both the People, and Health and Safety functions, these teams currently report directly to the Managing Director.

This has allowed the Managing Director to provide direction and oversight during a period of consolidation of the People, Health and Safety Strategy, which is in place to deliver the Workplace objective of our Business Strategy.

As at 30 June 2022, we had 408 full time equivalent employees. 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

We promote a nurturing environment that enables Icon Water to build and maintain a positive workplace culture where our people are diverse, capable, and engaged – we know these characteristics are inextricably linked to our ability to deliver our essential services to the community.

Several key initiatives and achievements during 2021–22 are outlined below.

Leadership, careers, and development

Our two-year structured graduate program has continued. Three graduates started their two-year rotation programs in January 2022, in the disciplines of chemical, software and mechanical engineering. At the same time, the three graduates from the 2020 intake completed their programs, and each has secured roles within the business.

Recruiting for diversity

We continued our initiative to increase female participation in non-traditional roles, focusing on attraction, talent development pipelines, targets for training programs and entry-level roles, 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 have 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 2021–22 on building understanding of engagement among all levels of leadership in the business, so leaders can better interpret results and implement actions within their own teams. Our staff engagement survey was conducted in May 2022, with 83 per cent of the business participating. This survey showed our highest mean score since starting with Gallup. The percentage of engaged employees has increased by 10% since the Gallop surveys commenced in 2018.

Workplace support

Updates have been made to our internal procedures that are designed to ensure the most appropriate support is in place for our employees when required. We partnered with Domestic Violence Crisis Service (DVCS) to make changes to our domestic violence procedure to ensure it aligns with best practice. Updates were also made to our sexual harassment and bullying procedures to incorporate the Respect@Work national inquiry recommendations.



CASE STUDY

Graduate program

Hear from our previous graduate, Curtis Gordon, on his experience in the Icon Water Graduate Program.

“During the past two years in the Graduate Engineering program I was able to complete four 6-month rotations across the Asset Strategy, Major Plant Operations, Engineering Services and Project Delivery teams. Being able to spend six months with each team gave me a great opportunity to fully explore the breadth and depth of the diverse range of activities that are undertaken across all of Icon Water’s business groups, and how they collaborate together to deliver essential services to our community.

Along the way I have been able to participate in a wide-ranging spectrum of work, from preparing and presenting asset strategies to the Executive Team in the city boardroom, all the way through to taking activated sludge samples from the Lower Molonglo wastewater treatment process to examine them under a microscope and prepare operational reports on the microbiological health of the living ‘bugs’ and organisms that are used to treat our sewage.

Since the end of the Graduate Engineering program I have been able to secure a position as an Operations Engineer working at the Water Treatment Plants.”



^ Curtis Gordon and Laura Fuhrman at OzWater’22

WORK, HEALTH AND SAFETY

Throughout the year Icon Water has operated within a changing environment, but this has not deterred us from our vision of making health and safety business as usual.

We are providing a work environment that is committed to:

- providing effective, timely and quality training in safe procedures
- identifying and actively managing hazards and risks
- consulting with workers to promote engagement and participation
- promoting and fostering a Just Culture of safe behaviors
- driving continual improvements to eliminate work-related injury and illness
- monitoring employee wellbeing, fitness and general health.

The People, Health and Safety strategy roadmap focused on two areas:

- Approach 1: High impact and quick wins
- Approach 2: Long-term strategy.

In the short-term we continued to invest time and effort in reducing our biggest cause of lost time – musculoskeletal disorders. In the longer-term we remain focussed on integrating effective people, health and safety management into every aspect of our work activities.

This is achieved by coordinating proactive engagement between all key stakeholders, including Health and Safety Representatives, branch managers, team leaders, staff, partnerships with third parties, contractors, customers and the community.

We are committed to continually improving our Safety Management System and completed extensive work to ensure that it conforms to AS/NZS ISO 45001:2018 Occupational Health and Safety Management systems. Certification to this new standard ensures we provide safe and healthy workplaces as well as proactively improving our occupational health and safety performance.

The recordable injuries over the past twelve months have remained steady, with the majority continuing to be musculoskeletal involving sprain and strain injuries from undertaking manual work. There were three incidents reported to the safety regulator across the year, continuing a downward trend from the previous two years of six and eight reported incidents. We continue to work with our staff to achieve high standards of safety in all our workplaces. We implemented a renewed approach to our reporting to senior management with a particular focus on progress against initiatives set within our four strategic pillars of leadership, culture, performance and wellbeing.

We introduced new committees to ensure all levels of staff had access to the latest health and safety information and became more involved in safety management in all our workplaces.

These new committees are:

- Frontline safety leadership committee, established for team leaders and supervisors working across network and maintenance.
- Health, Safety, Environment, Quality and Risk (HSEQR) committee, established for leaders to support the delivery of integrated outcomes in line with strategic and operational direction.

We also continue to provide the highly engaging 'Switch On' safety program to all new starters across Icon Water.

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

- The People, Health and Safety branch business partners attended committees to ensure they had current information and could immediately support initiatives that committees were implementing. This has delivered improvements in program content and shortened implementation timelines.
- We introduced a weekly health and safety newsletter on our intranet site, which ensures all staff have access to the same up-to-date information.
- We implemented 'Good Catch' reporting – a positive and proactive approach to reporting workplace hazards.
- We refreshed health and safety information boards, across all our key workplace sites.



SUPPORTING OUR PEOPLE THROUGHOUT COVID-19

Icon Water is committed to making a positive impact on our people's health and wellbeing. Importantly, we implemented a range of provisions and activities over the past year to offset the various public health restrictions introduced to curb the spread of COVID-19.

We utilised and adapted our management systems to enable the effective management of health risks. These activities were managed through our Incident Management Team. Controls and actions taken, included:

- Safety plan traffic light system provided a flexible risk-based approach to maintain a safe working environment
- Operational zones established to reduce the possibility of transmission between staff, contractors, and visitors
- Office occupancy limits that assisted in managing the risk to air quality in our workplaces
- Coordination of arrangements for site work for staff, contractors, and delivery suppliers to maintain a safe working environment while enabling work schedules to remain on track.

We continued a range of COVID-19 communications, to ensure the messages were regular and up to date, and included:

- Hard-copy signs and notices that ensure all staff have access to the latest information
- Online communications provided on Icon Water's intranet to ensure that staff, no matter their location, had access to the latest guidance
- Virtual briefings and discussions, online social activities and Daily News articles, these were especially important to staff working from home to maintain a sense of belonging and limit feelings of isolation
- Line managers and team leaders regularly provided information to their staff, as part of normal leadership duties, these helped improve morale and a sense of ownership.

It was encouraging to see that much of our health and safety management systems and supporting processes were used to help manage our response to COVID-19.



RUOK Day 2021

A workforce panel discussion took place on RUOK Day, bringing together people from all business areas to reduce mental ill-health stigma through a down-to-earth conversation about mental health. Discussion topics included definitions of health and mental health, personal experience sharing, COVID-19 and living and working through lockdowns, and advice for others.

Mental health pulse survey and gap analysis

We partnered with an external provider to gain greater insight into the current state of our people's mental health, and our approach to protecting and enhancing it. This project comprised three parts: a mental health pulse survey, completed in November 2021; a gap analysis of Icon Water's mental health approach, completed in June 2022; and future work to support us to develop a systematic approach to psychosocial hazard identification, assessment and control.

Healthy tips when working from home

We provided staff with health and wellbeing education and advice, including tips to stay healthy and productive when working from home. A tip sheet was created in response to COVID-19 lockdown mandates and has had over 500 views from staff.

Ergonomic assessments have also been made available to staff working from home to ensure they have workstation set-ups that are conducive to good health.

Other health and safety initiatives

Skin checks

We provided skin checks by experienced medical practitioners to our Major Plants staff in February 2022. This is part of our two-yearly program aimed at early detection and intervention of skin sun damage, skin lesions and skin cancers. Staff received follow-up reports from a dermatologist detailing any findings and recommendations regarding any identified suspicious lesions. We also provided a range of skin health and sun exposure education to our workforce.

Musculoskeletal injury prevention

We have an ongoing commitment to providing interventions to mitigate musculoskeletal injuries to Icon Water's workforce. These interventions focus on reducing the manual requirements of hazardous manual tasks, increasing manual handling and ergonomics education, improving physical conditioning, and providing continued on-site access to a professional injury prevention, early intervention and treatment service.

During lockdowns staff had access to online physiotherapy sessions to ensure ongoing professional physical health and injury education, early intervention and treatment.

Hazardous manual tasks improvement

Improving the way we identify, assess and control hazardous manual tasks is an ongoing project. In the past, this project has seen manual valve operations be improved through engineering controls, and led to the design of the Icon Water designed 'Cracker Jack' sewer manhole lid lifting device.

Recently, we formed a Sewer Repair Working Group to review opportunities to reduce associated injury risk. This group is engaging with water providers from across Australia to benchmark existing processes and determine improved task controls.

Manual handling training

Our Network Maintenance staff completed in-house, scenario-based manual handling training that incorporated their day-to-day work tasks to illustrate key messages. The focus was to highlight factors that make a manual task hazardous, such as high and sudden forces and prolonged awkward postures.

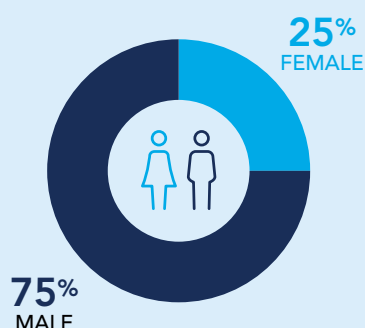
Pre-start stretching

Network Maintenance staff also participate in pre-start stretching each Tuesday morning, led by Icon Water's on-site physiotherapist. The primary purpose of these sessions is to educate staff on how to effectively stretch throughout the week, particularly before undertaking high-load work tasks.

WORKFORCE PROFILE



408
STAFF MEMBERS (FTE)



AGE BREAKDOWN

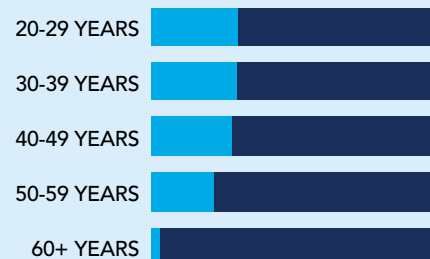


Table 1: Staff profile by employment type and gender

	FEMALE	MALE	TOTAL
Full time equivalent (FTE)	100	308	408
Headcount	103	310	413
% of workforce (based on headcount)	25%	75%	100%

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

	FEMALE	MALE	TOTAL
Casual	0	0	0
Permanent full-time	86	289	375
Permanent part-time	8	2	10
Temporary full-time	8	17	25
Temporary part-time	1	2	3
Total	103	310	413

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

	FEMALE	MALE	TOTAL
20-29 years	11	26	37
30-39 years	31	74	105
40-49 years	38	98	136
50-59 years	22	79	101
60 years and over	1	33	34
Total	103	310	413



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

	FEMALE	MALE	TOTAL
Average years of service	7.1	11.4	10.4

Table 5: Workforce gender composition by occupation

	FEMALE	MALE	TOTAL
Manager (Branch Manager and above)	4%	3%	7%
Non-Manager (Team Leader and below)	21%	72%	93%

Table 6: Gender profile of employment-related activities

	FEMALE	MALE
Recruitment: candidates	22%	73% (4% non-disclosed)
Recruitment: appointments	29%	71%
Promotions	24%	76%
Retention following maternity leave	90%	0%
Resignations	44%	56%

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

	NUMBER	PERCENTAGE
Aboriginal and Torres Strait Islander	7	1.7%
Culturally and linguistically diverse	31	7.5%
People with disability	5	1.2%
Total	43	10.4%



**PARTNERING
WITH THE
COMMUNITY**

CUSTOMER EXPERIENCE

We are committed to delivering quality products and services that our customers and community value.

This commitment is reflected in our key objective to enhance the customer experience.

We care about what our customers think, and we show this by listening to understand customer needs and seeking their feedback on our services. We consider the voice of the customer when 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 2021–22 we received over 70,000 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 across every channel.

A survey of 300 residential households and 200 businesses indicated that 96 per cent of our customers are satisfied with our services. While satisfaction has consistently trended at high levels for many years, this year's result has equalled our highest ever rating (2019–20) since measurement began in 2015. Our drinking water continues to be highly regarded with 96 per cent of our customers satisfied with the quality.

Let's Talk Water and Wastewater

We also launched our customer engagement program – Let's Talk Water and Wastewater. It's our widest-reaching and most comprehensive program to date

and has so far involved over 17,500 Canberrans.

The engagement activities were designed to inform our strategic priorities and investment decisions. Topics canvassed included customer priorities for water security, levels of service, tariffs, innovation, sustainability, liveability and customer service channels.

Our 2023–28 price proposal is underpinned by this engagement, which included focus groups, an open community survey, online and social media engagement, a deliberative deep-dive process, stakeholder interviews, a Customer Advocacy Forum and a quantitative survey (including a willingness-to-pay study).

Through our Let's Talk Water and Wastewater engagement, our customers told us they have clear expectations and priorities for how we plan and invest in the future. Water security, environmental sustainability, maintaining quality, maintaining long term affordability and being more visible in the community are the key areas our customers highlighted.

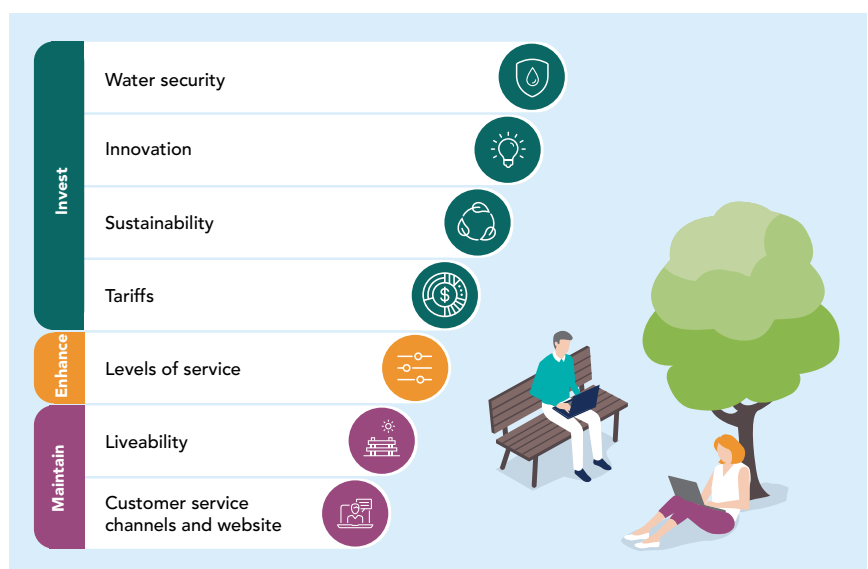
We know through our ongoing research into customer sentiment and perceptions that our customers value reliable water and wastewater services, quality drinking water, affordable pricing and responsive customer service.

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 be able 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.

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 to deliver our usual high-quality service levels.

Figure 4: What customers told us should be our priority for investment planning and strategic decisions.





^ Our functional model of the ACT urban water cycle

COMMUNITY ENGAGEMENT

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

We 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 behaviours on our network services.
- secondly, to increase fundamental water and wastewater literacy through building an understanding of the wastewater network and our water supply catchment, including our role as Canberra's water and wastewater utility.

Icon Water provides information to the community and, where possible, direct access to observe our network of infrastructure, particularly through schools, tertiary institutions and community organisations. We do this largely through supporting community events, tailored guided tours, digital education sessions, and presentations to interested groups. We also share information to the community via our website and social media channels including Facebook, Twitter, Instagram, LinkedIn and YouTube.

External education programs

Our education program has been designed to provide the community, local primary and secondary schools, and tertiary audiences with the opportunity to build local knowledge and increase water and wastewater literacy. We cover subjects including water quality, the water treatment process, catchment management, permanent water conservation measures (PWCMS), and the urban water cycle.

While our dams have been full this year, we are committed to building ongoing knowledge around PWCMS and long-term, sustainable water use.

Our *Free the Poo* campaign was developed to specifically build the community's awareness of our wastewater systems. Key messaging for this campaign highlights the impacts of wet wipes and other non-flushable items on the wastewater network when flushed down the toilet or poured down the drain. This messaging was illustrated through the program's *Gallery of Gross* and the *Blockage Busters* video series. The program was developed using a multifaceted communication strategy incorporating a range of communication elements to reach the target audience, including radio, social media, a mobile application game, out of home advertising (bus wraps, decals in baby change rooms and messaging in shopping centres), as well as promotion through our community and education partners.



^ Our Education program was awarded the AAE ACT Environmental Educator of the year 2021 for outstanding contribution to environmental education

Digital education and online learning

Due to ongoing COVID-19 restrictions, our face-to-face education and engagement events and guided tours were put on hold again to ensure the safety of our staff and the community. In 2021–2022, we used our digital studio to deliver live webinar sessions to educators and students throughout Canberra and Queanbeyan, enabling students to learn about the ACT urban water cycle and our water and wastewater services. We continued our focus on developing relevant and informative digital materials as part of our online education program. This year, we successfully delivered the program directly to more than 2,275 participants.

Our education newsletter, delivered every school term to ACT and Queanbeyan educators, showcases events, online sessions and new resources developed specifically for our local schools. We also promoted our online materials to further build upon our [online water and wastewater literacy program](#).

These resources include a growing series of [downloadable factsheets](#) and [engaging activities](#) to support learning for primary (K-2, 3-6) and secondary (years 7-10) students. Over 54,000 unique visitors explored the Icon Water education section of our website this year. We delivered thirty-five digital webinars using our ACT urban water cycle model, and our popular segment 'Questions from Kids' was viewed by over 1,620 people. Our engaging and interactive online education sessions were delivered to ACT and Queanbeyan primary and secondary schools from grades two - seven.



We also worked with the ACT Government, Actsmart Schools Program and H2OK Healthy Waterways to deliver two online webinars to 17 teachers with a reach to over 1,500 students. A total of nine presentations (four online) were delivered to industry including the Master Plumbers ACT and Canberra Institute of Technology Industry Forum in 2021–22. These sessions highlight industry partnerships and support Icon Water's network awareness training requirements for Certificate III students, reaching over 220 first year plumbing students.

In November 2021, Icon Water's education program was awarded the ACT Environmental Educator of the Year for our outstanding contribution to environmental education. Recognition was awarded through the Australian Association for Environmental Education (AAEE), showcasing our highly regarded program and the support we have provided to ACT schools and the education network over the past five years.

Our programs

While all public and school education tours to the Cotter Dam and operational sites were put on hold for the duration of 2021–22 due to ongoing COVID-19 outbreaks, staff tours recommenced in April and May 2022 with 51 newly appointed Icon Water staff visiting our sites. These tours assist new team members to learn more about our operational sites and the roles we all play in delivering essential water and wastewater services. Public tours continue to remain on hold and will be reviewed in the coming months.



^ Water Industry Operators at our Lower Molonglo sewage treatment plant on one of the first staff tours for 2021–22

Googong Dam source water protection education and engagement strategy

Unlike the dams within the Cotter catchment, Googong Dam is publicly accessible for limited recreational activities. As the Googong community continues to grow we maintain our focus on protecting the quality of the Googong catchment area. We provide information on acceptable recreation activities to existing residents and empower new residents to be active champions of this important issue. We also work closely with the community through our engagement strategy and with key stakeholders including ACT Parks and Conservation, the Googong Township Group and Queanbeyan-Palerang Regional Council (QPRC).



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"> Education sessions about urban water cycle and Icon Water treatment processes and assets Digital school presentations Use of website education materials 	<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>2,275 direct</p> <p>54,008 water education web page unique visitors</p>	<p>Increased awareness of ACT catchments, water supply dams and urban water cycle.</p> <p>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"> Participation in committee meetings Participation at community events Support for community-based water quality and engagement roles Website 	<p>ACT region residents, community groups, landholders, ACT Government, QPRC, Googong Township Group</p>	<p>1,700+</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"> Participation at local events such as Floriade Reimagined and Lifeline's Bookfairs Participation in OzWater conference Community group talks Advertising Articles in publications Flyers and brochures Social media Website Media releases 	<p>ACT residents and visitors</p> <p>Interstate water industry operators and local trade community</p> <p>Website and social media users</p>	<p>150,000+</p>	<p>Relationship and awareness building.</p> <p>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"> Public relations and media Inclusions in billing collateral Website Stakeholder engagement activities Sponsorship engagement 	<p>Customers and community</p>	<p>Website: 1,600,000+ unique visits</p> <p>Social media: 1,100,000</p>	<p>Relationship building, education, community support and increased brand awareness.</p>
Community engagement – infrastructure projects	<ul style="list-style-type: none"> Education and engagement on the Belconnen trunk sewer projects 	<p>Customers and community</p>	<p>1,500+</p>	<p>Project outcomes influenced by community.</p> <p>Relationship building, education, community support and increased brand and project awareness.</p>
Let's Talk Water and Wastewater Strategic Engagement Program	<ul style="list-style-type: none"> Surveys Focus groups Social media posts and polls Community pop-up display and intercept surveys Deliberative deep-dive process Presentation to community groups Icon Water Expert Panel Stakeholder interviews Customer Advocacy Forum Quantitative survey and willingness-to-pay analysis 	<p>Customers and community</p>	<p>17,500</p>	<p>Community influenced strategic and investment decisions including the 2023–28 price proposal.</p>

ABORIGINAL AND TORRES STRAIT ISLANDER COMMUNITY ENGAGEMENT

As the ACT's sole drinking water and wastewater provider, we acknowledge the traditional custodians of the region, the Ngunnawal people and embrace our responsibility to protect the rich Aboriginal culture of the Canberra region, and in particular the land and waterways under our management.

In our operational work, we acknowledge that Aboriginal heritage items and places exist on land and waterways under our management. Training and procedures continue to be provided to staff to identify and protect items of cultural heritage significance. When undertaking design and construction of major infrastructure, we perform heritage assessments in consultation with representative Aboriginal organisations, where relevant, to ensure we avoid and minimise impacts on Aboriginal cultural heritage sites and artefacts.

Our Reflect Reconciliation Action Plan (RAP) recognises that we are in the early stages of our reconciliation journey as we build the necessary foundations for authentic and meaningful reconciliation across our business.

During 2021–22 we progressed several actions in our RAP. We continued our sponsorship of the Ngadyung Program with Dreamtime Connections through our Community Support Program. As part of this program we held a working bee to build a bush tucker garden at our Mitchell office during May. The garden includes self-watering raised wicking beds containing a range of bush tucker/ medicinal plants, and sandstone rocks for seating to form a yarnning circle. The garden was opened on 1 June 2022 during National Reconciliation Week.

We also continue towards our goal of building strong working relationships and engagement with local Aboriginal and Torres Strait Islander groups. This has included connecting with the first Indigenous Water Policy Officer in the ACT government Environment, Planning and Sustainable Development Directorate (EPSDD), for a presentation to staff across Icon Water on improving waterway quality and health.

This year we also sought input into our five-year price proposal from Aboriginal community organisations and Ngunnawal Elders. We met one-on-one with one Ngunnawal Elder, and a member of the Aboriginal and Torres Strait Islander Elected Body participated in the deliberative deep-dive process that explored a range of investment options and topics including water security, net zero, innovation, resource recovery, liveability, tariffs and service levels. In a discussion with a Ngunnawal Elder, water was described as one of the most important elements of Country and a strong feature, creatively and educationally, in Aboriginal storytelling.

The original artwork designed for our RAP by Ngunnawal, Wiradjuri and Kamilaroi artist, Lynnice Church, which represents the three rivers that connect on Ngunnawal Country: the Molonglo, Murrumbidgee and Yass rivers, is now displayed in the foyer at our Mitchell building. Aboriginal and Torres Strait Islander artwork also appears on a existing stack on the Belconnen trunk sewer and some of our fleet vehicles. We continue to participate in the Water Services Association of Australia (WSAA) Reconciliation Community of Practice. We actively acknowledge days and weeks of significance to Aboriginal and Torres Strait Islander peoples on our social media channels and internal communications and encourage the use of Ngunnawal language in greetings and Acknowledgment of Country at events and meetings.



COMMUNITY SUPPORT PROGRAM

We have been part of the Canberra community for more than 100 years, and it is important that our support to the community extends beyond water and wastewater 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 support services and programs, as well as activities that encourage community access and participation. Our program is open for the community to apply in March and April each year. We highlight our partnerships through our website and across social media, as well as through public relations and sponsored media stories.

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 to promote our brand and meet our commitment to the community.

The guidelines we use to assess funding applications are published on our [website](#). During 2021–22 we committed \$402,433 to sponsorships and donations to 31 groups, individuals, and organisations.

CASE STUDY

CBR Gals – Sustainable Clothing Swap

We were proud to participate in the CBR Gals clothing swap in June 2022 – an initiative that supported women in the community to get together and learn about how to make clothing more sustainable.

Swapping and reusing clothing is just one of the ways we can reduce our water consumption. In 2015, the Global Leadership Award in Sustainable Apparel estimated that the average water footprint for a kilogram of cotton is between 10,000 and 20,000 litres depending on where it is grown.¹ CBR Gals will be assisting Icon Water staff with our very own sustainable clothing swap in spring 2022.



¹ The State of the Apparel Sector 2015 special report – Water, from the Global Leadership Award in Sustainable https://www.thesustainablebusinessgroup.com/source/filemanager/files/GLASA_report_v6_14_10_15_final.pdf

Table 9: Community Support

Organisation – event/donation	2021–22 \$
1 Lifeline – gala dinner, women of spirit awards, boot camp and book fairs	50,000
2 The Canberra Sleep Bus	50,000
3 Questacon – Aquarium Exhibit, awareness, and education about sustainable water practices	40,000
4 Menslink – business breakfast and various campaigns	35,000
5 Hartley Lifecare	29,888
6 Roundabout Canberra	19,000
7 Domestic Violence Crisis Support (DVCS) – various campaigns	15,000
8 Royal Life Saving ACT – day at the lake/ACT water safety week	10,000
9 Kids in Care ACT – Christmas presents for kids in crisis	10,000
10 OzHarvest	9,500
11 Orange Sky Laundry	9,000
12 Dreamtime Connections – Ngadyung program	7,500
13 Belconnen Arts Centre – NAIDOC Week	5,000
14 Dementia Australia	5,000
15 Pets in the Park	5,000
16 St Vincent De Paul – The Blue Door	5,000
17 The Early Morning Centre	5,000
18 Canberra Special Kids Christmas Party – Christmas party for disabled children	4,545
19 Table Tennis ACT	3,000
20 Tennis ACT	3,000
21 Community Radio 2XX	1,500
22 Canberra Gals Network – Sustainability	1,000
23 Beyond Blue	500
Cumulative total	323,433

Table 3: Community Inclusion

Organisation – event/donation	2021–22 \$
1 Canberra Symphony Orchestra – Music by the River with QPRC	30,000
2 Rise Above – Cancer convoy	12,000
Cumulative total	42,000

Table 4: Affiliated industry partner

Organisation – event/donation	2021–22 \$
1 Ginninderra Catchment Group – Frog Watch Program (schools education)	10,000
2 Master Plumbers Association – awards nights and Icon Water community excellence award	15,000
3 Conservation Council ACT – World Environment Day dinner, CBR360 Symposium	7,000
4 Australian Water Association – Water Matters conference	5,000
Cumulative total	37,000

CASE STUDY

Roundabout Canberra

Roundabout Canberra was established in 2018 and is on a mission to provide essential items to families in need in the ACT and region. Since its inception, Roundabout Canberra has been volunteer-powered and in 2021, it helped support two thousand children and their families, with pre-loved and new clothing, linen, toys, books, toiletries, nappies, wipes, cots, prams and car seats.

This year, Roundabout Canberra was approached by the community to provide new emergency accommodation backpacks that would be filled with all the essentials a child may need. Icon Water was happy to help and donated 200 backpacks and name tags. Icon Water's backpack supplier 'Liquid Promotions' also donated water bottles to match each bag.



RESEARCH, DEVELOPMENT AND INNOVATION

Icon Water continues to invest in industry research, development and innovation. Our targeted approach focuses on specific issues relevant to our business, which can help us improve existing practices and prepare for strategic challenges in the future.

We keep abreast of the latest technologies, innovations and scientific thinking by providing funding and in-kind support to leading research projects and institutions, as well as with partners who share the same desire to collaborate and solve problems relevant to our community.

We collaborate with peer organisations and research institutions directly as well as through partnerships with Water Services Association of Australia (WSAA), Water Industry Operators Association, and Water Research Australia (WaterRA). In turn, these relationships provide access to international collaboration and knowledge via Cooperative Research Centres (CRC), the Water Environment Research Foundation, International Water Association, the Smart Water Fund and Australian Research Council (ARC) projects.

In 2021–22 we contributed to the following notable research, development and innovation projects:

- The use of eDNA is hoping to provide more precise presence/absence data and quicker sampling times for Macquarie perch, in partnership with the

University of Canberra through the 'environmental DNA (eDNA) techniques for monitoring Macquarie perch translocation' program.

- We have implemented a liquid sugar dosing pilot plant at the Lower Molonglo Water Quality Control Centre (LMWQCC), successfully dosing liquid sugar instead of potentially hazardous methanol. Liquid sugar is a far more stable and environmentally-conscious dosing method but it also needs to meet the operational and maintenance requirements of the plant. The pilot plant will be in operation for two years.
 - Two research projects were awarded through the Perpetual Endowment Fund, established between the Australian National University (ANU), Icon Water and ActewAGL in 2008 to support PhD scholarships and research projects relating to energy and water sustainability. The projects awarded in 2021–22 were:
 - Wolfram Buss of ANU was awarded the Icon Water/ ActewAGL Aspi Baria Research Endowment. The work aims to demonstrate the added value to biosolids-derived products by maximising phosphorus recovery from biosolids through the production of biochar and the use of chemical additives.
 - Steven Lade of ANU was awarded funding for a research project to improve understanding and incorporation of runoff non-recovery in source water models for improved water security.
 - Innovative land management practices are being trialled and studied over the long-term.
- The use of sugar to control weed growth and the use of sheep grazing at Fyshwick Sewage Treatment Plant have been implemented to reduce the need for active grass maintenance (see case study page 43).
- Two linked research programs with the University of Queensland, WaterRA and a number of peer water utilities are assessing ways to effectively monitor and mitigate fugitive emissions from wastewater treatment processes as part of our net zero commitment (see case study below).
 - We commenced our participation in the ARC Nutrients in a Circular Economy Hub sub-project, assessing the greenhouse gas impact of different nitrogen management techniques for removal, recovery and reuse.
 - We initiated a WSAA project with peer utilities and Griffith University to research and develop an industry paper on how nutrient trading regimes can deliver environmental outcomes. The project will outline benefits, hazards for implementation and management, and a range of governance framework approaches for catchment nutrient offsets based on existing market mechanism experiences across Australia and internationally.
 - We continued resource recovery projects, with options for water treatment plant solids being investigated for use as composting material, wetland media for water quality improvement or potential as road base around lagoons or on Icon Water's tracks.

- We finalised our poly-fluoroalkyl (PFAS) report outlining the extent of contamination and exposure at LMWQCC which will inform our PFAS management framework required under the *National Environment Management Plan 2.0*.

We continued to share our knowledge and expertise through conference presentations, industry papers and publication. For example, in 2021–22 we:

- presented at OzWater’22 on:
 - the importance of the collaborative and comprehensive approach to long-term fish management with lessons learnt balancing water security and fish conservation in managed freshwater systems a decade on from the Cotter Dam expansion
 - our approach to optimising sewer networks as a building block to navigate future servicing complexities

- how we use adaptive planning to enhance preparedness for future droughts and maintain water security.
- presented to WaterRA on managing water security through floods and fire following our experience across 2019 to 2021
- presented at AWA Water Matters Conference on our collaborative approach to finding ways to reduce fugitive emissions
- continued to participate in various WSAA groups such as the Research Managers Network, WaterRA forums and W-Lab (the platform for showcasing the latest advances, innovations and international water utility technologies). Our involvement included:
 - participation in the Steering Committee for ARC Industrial Transformation Training Centre for Transformation of Australia’s Biosolids Resource

(ITTC Biosolids) Project 1A – Novel Biosolids processing routes for next generation, high quality products

- contribution to the development of the WSAA Towards Resilience: Climate change and the urban water industry paper in November 2021
- participation in the WSAA willingness to pay for carbon abatement Working Group to inform industry carbon offsets
- input and assistance to launch the WSAA Circular Economy Action Plan March 2022
- participation in a joint WSAA Modern Slavery Working Group.

CASE STUDY

Greenhouse gas emissions from wastewater treatment

Our greenhouse gas emissions caused by electricity use have now largely been solved through ACT electricity becoming 100% renewable.

Direct fugitive emissions (namely nitrous oxide, and to a lesser extent methane, generated during wastewater treatment) are now our biggest challenge and contribute to around 75% of our total carbon footprint.

Icon Water has positioned itself as a national leader in understanding, monitoring and modelling these direct emissions from wastewater in collaboration with the University of Queensland, WaterRA and peer utility partners. This project is measuring actual nitrous oxide emissions at LMWQCC so we

can validate and improve fixed emissions factors from current reporting protocols and identify and implement effective carbon abatement strategies and measures. This will inform our net zero pathway in our eMission Possible Plan.

We are monitoring our emissions over a 12 month period, the longest real-time monitoring program implemented to date in Australia. This project will enable the development of a direct emissions model specific to our plant and seasonal variability, with development of a plant-specific emission factor that will help us and the industry (nationally and internationally) in understanding techniques to mitigate direct emissions.



^ Secondary treatment LMWQCC



**YEAR IN
REVIEW**



2021–22 KEY PERFORMANCE OUTCOMES

Key performance outcomes

Each of our three strategic objectives has performance indicators and targets which we monitor and use to report on their achievement. These are outlined in Table 10.

We also have 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.

Table 10: Performance outcomes

Strategic objectives	Performance indicators	Targets (30 June 2022)	Results 2021–22	
Build a safe, innovative and inclusive workplace	High Potential Incidents (HPI)	0 incidents	3 ¹ ●	
	Total Recordable Injury Frequency Rate (TRIFR)	Less than or equal to 7.1	17.2 ² ●	
	Safety culture	Maintain the high level of employee perceptions of organisational and manager commitment to health and safety (75% and 76% respectively)	77%	●
			81%	●
	Gender diversity	50% females in leadership group Improved proportion of females in non-traditional roles (greater than 18.8%)	52%	●
			16% ³	●
Employee engagement	Improved employee engagement	+3%	●	
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	136 ●	
	Sewerage system reliability	No. of sewage overflows inside customer properties less than or equal to 15 More than 95% of sewerage chokes responded to within 6 hours	4	●
			97%	●
	Environmental compliance	100% compliance with environmental discharge requirements, environmental authorisations and agreements	100%	●
	Shareholder return	\$62.5 m (profits available for dividends)	\$62.5m ●	
	Earnings before interest and tax (water and energy)	\$171.1 m	\$191.2m ●	
	Capital expenditure	+/-10% of \$101.7 m	\$68.5m ⁴ ●	
Gearing	Less than or equal to 60%	50% ●		
Enhance the customer experience	Customer satisfaction	90% of annual survey participants are satisfied with our overall service	96% ●	
	Ease of doing business (EDB)	5% improvement on 2020–21 result (2020–21 score 20)	+31 ●	
	Effective complaints management	A meaningful response to 100% of complaints within 20 business days	99.99% ●	
	Community perception of Icon Water	Maintain 2020–21 result (2020–21 score 71)	68 ⁵ ●	

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

- 1 Incidents include a truck rolling forward into another Icon Water vehicle resulting from handbrake not being fully engaged, personal danger tags removed whilst open permit to work was in place and rain water ingress into reservoir inlet.
- 2 Results predominately relate to musculoskeletal injuries resulting from sprains and strains while conducting maintenance tasks.
- 3 There was a slight decrease in the number of females in competency based roles. Analysis is underway to determine the reasons for the departures.
- 4 Outcome was initially driven by COVID-19 restrictions resulting in the suspension of construction activities for three months early in the financial year, and later driven by a combination of differences in project mix, timing and some project savings.
- 5 There was a national trend of a decrease in perceptions of corporate responsibility and reliability of services for large institutions and government agencies. With people spending more time close to home during the pandemic, there appears to be a higher awareness and lower tolerance to any service interruption or failure.

WATER OPERATIONS

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

Since November 2010, per capita water consumption in Canberra and Queanbeyan has consistently been 35-40 per cent lower than it was before the introduction of water restrictions in 2002. This is one of the largest sustained water use reductions per capita in Australia.

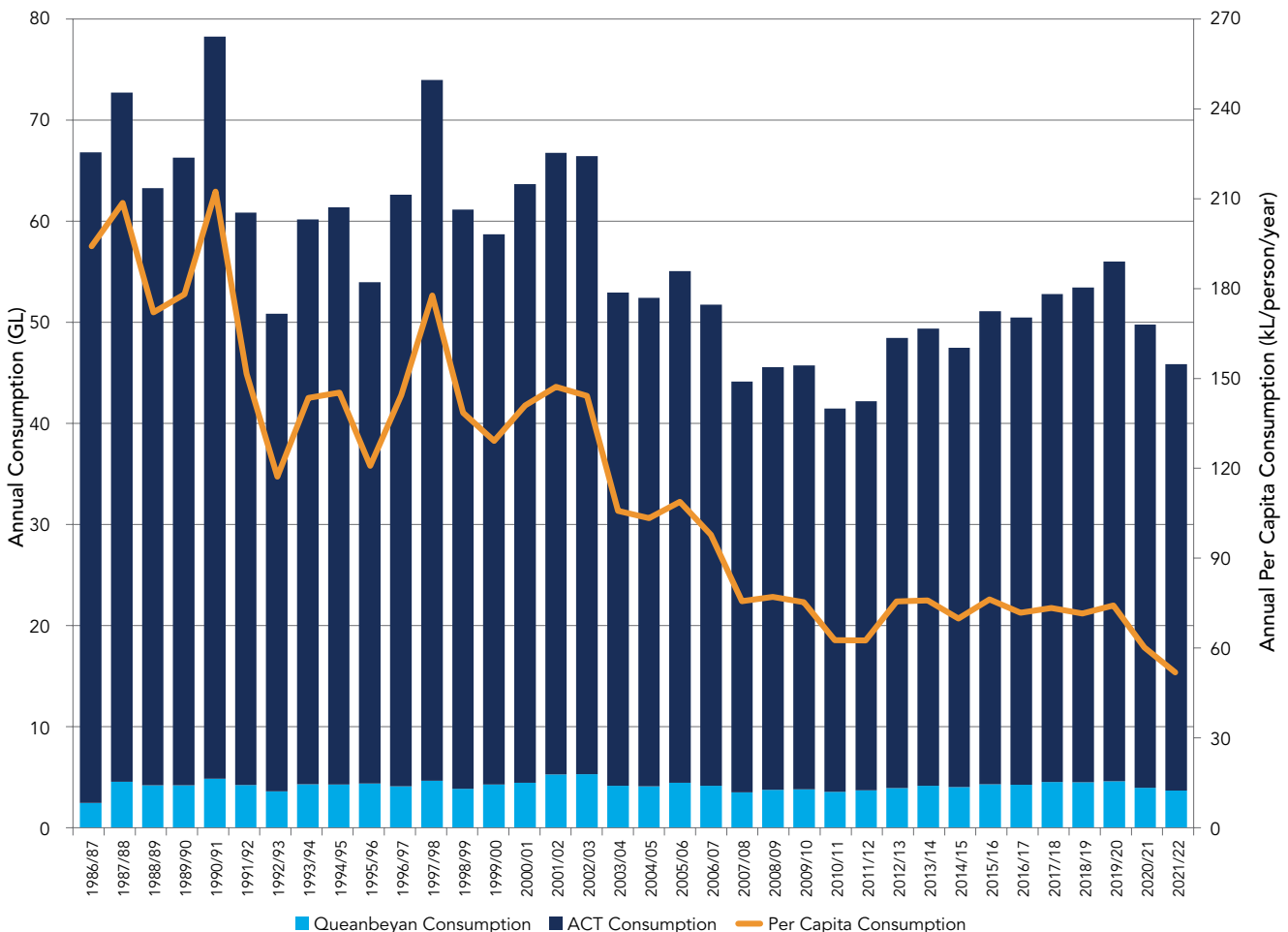
Canberra Airport rainfall for the reporting period totalled 607.8mm, which was a decrease of 245.6mm on the previous 12-month period. Our combined dam capacity was at 100 per cent of the total 278GL volume at 30 June 2022, and has remained near 100 per cent over the whole reporting period.

Combined storage was below 100 per cent for 16 days starting on 26 March 2022 due to operational lowering of the Bendora dam level for a planned inspection of the stilling basin. The minimum storage over the period was 99.4 per cent.

Our water treatment plants produced a combined 45GL of drinking water over the period. Stromlo Water Treatment Plant produced 40GL sourced primarily from Bendora Dam, and Googong Water Treatment Plant produced 5GL.

Network storage increased by 0.9ML in July 2021 with the commissioning on the One Tree Reservoir North Tank, located in the suburb of Taylor.

Figure 5: Annual water consumption for ACT and Queanbeyan





WATER QUALITY

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

While all dams were at full supply level, we operated the Googong Water Treatment Plant for six weeks to clean and maintain the Stromlo Water Treatment Plant.

Delivering our high standard of water quality in 2021–22 was challenged by the ongoing impact of high inflows to Googong reservoir since 2020. The rapid inflow has brought runoff from the catchment resulting in elevated levels of natural organic matter, which affected the treatment capability of the Googong Water Treatment Plant.

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 customers' connections. The naturally occurring compounds affecting taste and odour were well controlled to meet the expectations of our customers.

A number of climatic factors saw low levels of Blue Green Algae (cyanobacteria) across all our source water storages in the 2021–22 summer and autumn.

Our approach to managing drinking water supply is consistent with the framework of the Australian Drinking Water Guidelines (ADWG) 2011 and 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 which informs our operational decisions and allows us to verify the quality of the final drinking water.

Due to the higher inflows to all source water storages, we saw higher levels of pathogens in our source water. We managed this through our multiple-barrier approach, ensuring the water leaving our treatment plants was 100 per cent compliant with the ADWG requirements. This quality verification is published to the community in our Annual Drinking Water Quality Report in compliance with the Code.

There were fourteen notifiable events to ACT Health as per the Code during the year; seven of these referred to raw water prior to treatment and seven occurred in the reticulation system requiring further investigation to resolve the issue.

We maintained our third-party certification of the Hazard Analysis and Critical Control Point risk management system for water quality management. The recertification was issued in April 2022 with no identified issues to be rectified.

WASTEWATER OPERATIONS

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

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

- Lower Molonglo Water Quality Control Centre (LMWQCC)
- Uriarra Sewage Treatment Plant
- Cotter Effluent Absorption Facility
- Canberra sewage network.

For the period 2021–22, the LMWQCC, Canberra's primary sewage treatment plant, processed a total sewage inflow (raw sewerage) of 41GL and returned 39.3GL of final effluent (treated water) into the Molonglo River. We also recycled approximately 2GL of treated effluent onsite.

The unprecedented extended wet period was evident at the LMWQCC inflow. The increase of average inflow over the last two years in contrast to inflow volume of the

previous 16 years is shown in Figure 6. During wet weather, at times the peak inflow can exceed the plant's capacity to treat wastewater. We use temporary diversions into storage areas to reduce the peak inflow to ensure the wastewater is treated to the required licenced standard. When the peak flows have passed, the stored volume is returned to the process to complete its treatment. During 2021–22 there were three instances where the peak inflow exceeded capacity of both treatment capacity and the storage dam resulting in a release of partially treated effluent into the Molonglo River.

The solid product remaining from the thermal treatment of sewage biosolids is called Agri-Ash. It is used as a soil conditioner by farmers in the local agricultural industry as part of our no opportunity wasted focus to maximise resource recovery and minimise material to landfill. More than 4,211 tonnes of this commercial product was produced this year. The product is around 60 per cent calcium-based and is especially useful to correct pH on regional pastures typically grazed by livestock – a safe and economical option for farmers. The product is routinely tested to ensure it complies with the NSW Environment Protection Authority licence for its use.

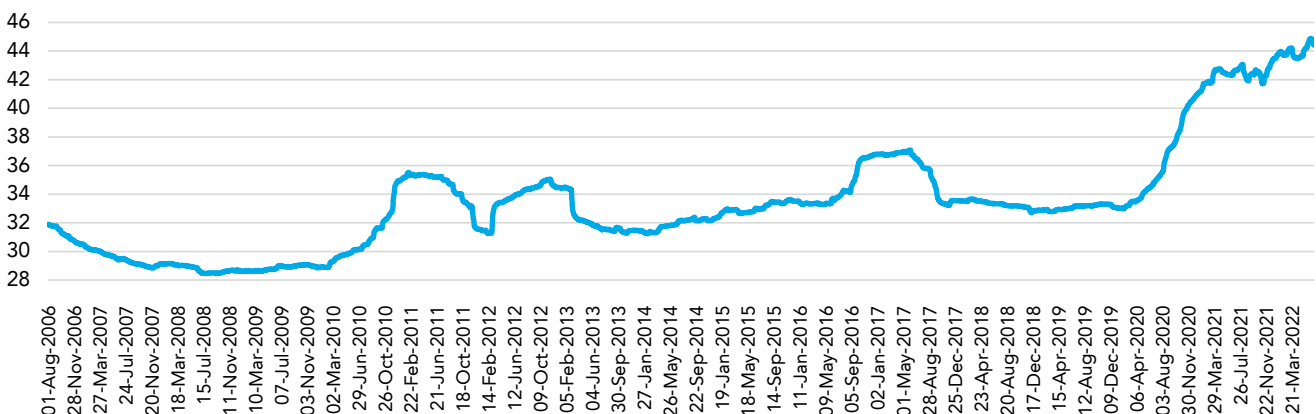
In October 2021, LMWQCC experienced an inhibition event.

The plant's biological treatment step was impacted by a toxic concentration of heavy metals entering the plant. The source was unconfirmed but likely to be non-compliant liquid trade waste (i.e. discharge to the sewer system of non-approved commercial liquids). The impact of this incident was temporary (less than a day), enabling LMWQCC to continue to meet its licence requirement. Inhibition events can potentially have more severe and lasting impacts on the health of the microbiological population that are critical to the sewage treatment process.

Our operational teams have dealt effectively and efficiently with the impacts of COVID-19 through a combination of risk management measures (such as separating workgroups at different sites), early and rigorous case detection, and staff flexibility to manage absences. In addition to the risk COVID-19 posed to our teams, we managed other COVID-related issues such as supply chain disruption and contractor availability. Strategic, proactive management of these issues allowed operations to continue largely uninterrupted.

We have continued our significant capital investment at LMWQCC, upgrading a number of assets and functional areas over the last 12 months (as detailed in the Capital Works section of this report).

Figure 6: Annual inflow to LMWQCC rolling annual total (GL)





WATER SECURITY

Canberra experienced a wet year during 2021–22, with water storages staying above 99 per cent full throughout the year.

Full dams meant we could supply most of our water from Bendora Dam, which is our most cost effective and reliable source. Googong Dam and Cotter Dam also contributed to Canberra’s water supply at various times.

Despite the wet weather, the recent drought conditions from 2017–20 remain at the forefront of our memories. During 2019–20 we saw unprecedented dry conditions characterised by very low rainfall, high temperatures and bushfires. In February 2020 our total dam storage volume dropped below 50 per cent for the first time since the Cotter Dam enlargement in 2013, reaching a low of 44.4 per cent.

Icon Water anticipates and is planning for an increase in climate extremes and variability into the future. 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 water yields from our catchments. We are monitoring this closely and 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 hydrological models to use the latest data and techniques, such that we can prepare for severe droughts and any impacts to our long term water security.

Our *Drought Management Plan* identifies supply and demand initiatives that can be implemented in response to future droughts. 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. This adaptive approach ensures we keep all options on the table to ensure we are prepared for a drought which may be significantly worse than anything seen before.

Murrumbidgee to Googong pipeline operation

The Murrumbidgee to Googong (M2G) pipeline is one of several measures built to strengthen Canberra’s water security following the millennium drought. 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 volumes and water quality.

The M2G did not operate during 2021–22 as it wasn’t required due to wet weather conditions.

ENVIRONMENTAL MANAGEMENT AND SUSTAINABILITY

We have a strong commitment to protecting the environment and improving sustainability.

Building resilience to climate change and enhancing resource recovery are high priorities and we have taken steps this year to advance in both areas. We published our *eMission Possible Plan* showcasing our pathway to net zero by 2045 and joined the United Nations Race to Zero; we continued to complete actions in the second year of our *Climate Change Adaptation Plan*; and we established a five-year *Circular Economy Plan 2021–22 to 2026–27* to drive further resource recovery achievements.

These and other key environmental and sustainability programs are underpinned by our Environmental Management System (EMS) which maintained certification in 2021–22.

Environmental compliance

As custodians of our region’s water supply, environmental compliance is paramount and we continued to comply with all environmental licenses, environmental discharge requirements and legal obligations this year, despite continued challenges from major rainfall events. We developed our triennial Catchment Sanitary Survey for ACT Health, outlining the current and changing hazards in our drinking water sources and finalised our triennial Heritage Report for ACT Heritage, providing assurance that we are responsibly managing all heritage assets on our locations. We continued to rationalise our Environmental Management Plans (EMPs) and consolidated our Murrumbidgee to Googong (M2G) EMP and its associated sub-plans into one M2G Operational EMP which continues to comply with ACT, Commonwealth, and NSW Conditions of Approval.

To ensure sustainability is fully embedded into our capital investments, we also undertook

environmental and sustainability scorecard assessments on 12 major projects.

Managing resources in a circular economy

Contributing to Canberra’s circular economy and improving our sustainability is pivotal if we are to sustain and enhance quality of life. This year we consolidated our existing waste and energy management strategies into a single Circular Economy Plan, which takes a more holistic view of the resources we control and the waste we generate.

We continued to generate renewable electricity through our solar photovoltaic arrays and mini-hydros. The energy produced contributed to four per cent of all electricity used on Icon Water sites.

Although we introduced a number of energy efficiency initiatives, there was a minor increase in overall emissions generated this year. Our total electricity consumption was reduced by 8 percent, however we

CASE STUDY

Legacy land management

To address legacy land management issues, we analysed a number of stockpiles at LMWQCC to determine the potential for beneficial reuse. We were able to reuse the stockpiled material and restore the land to a manageable and useable space. We also rehabilitated a local drainage line with rocks from the stockpiled material to fix erosion issues in the gully. Additionally, crushed concrete and aggregate was separated for reuse in access tracks and the remaining material levelled ready to be used for site storage.



^ Before and after spoil hill clean up at LMWQCC

increased NSW grid electricity use and associated carbon emissions at Googong Water Treatment Plant because of extended outages of the Googong mini-hydro. The operation of the hydro was still significant and provided 14 per cent of the electricity used at the plant.

There was an increase this year in our use of natural gas, because natural gas has offset the significant reduction in fuel oil used at LMWQCC, with transition commencing in 2020–21. We made this switch because fuel oil generates higher emissions per unit of energy than natural gas and this resulted in a 90 per cent drop in fuel oil emissions at the plant. Another notable key reduction was to transport diesel, with significant decreases for large trucks and light commercial vehicles due to reduced use (essential operational activities only) during COVID-19 lockdown periods.

We also continued our focus on resource recovery of our waste streams. In mid-2022, 980 tonnes of biosolids were beneficially reused in forestry, opening up a new avenue of reuse for this intermittently-generated product. Biosolids at LMWQCC are produced from time-to-time during furnace maintenance. This resource typically requires up to two years stockpiling and treatment onsite before it can be beneficially reused in agriculture. This is the first time our biosolids have been used in forestry and results in less treatment onsite and resources out of landfill.



^ Crushing operation underway at Fyshwick

On the back of the successful soil reuse program of the previous year we completed a waste concrete reuse trial. Our field services teams diligently sorted and stored concrete manholes, culverts and pipes from their excavation works, to be crushed and screened into aggregate for reuse onsite as road base, laydown area material, stabilisation fill and drainage material. Over 400 tonnes of concrete have been made into reusable aggregate, which means it doesn't need to be sent to offsite recyclers, and reduces the need to buy back similar aggregate products for use.

The trial will now be assessed in detail to determine whether the operation can be put in place permanently.

Overall, the amount of waste we sent to landfill is slightly up on previous years. We have had a minor reduction in all waste streams



^ Pre-screened concrete aggregate

apart from the screenings and grit at LMWQCC that had previously been co-managed along with heat treatment of biosolids. This year the material has been diverted away from heat treatment due to wet wipes in the system causing maceration, mixing and performance issues at the plant. Unfortunately, this contamination has meant that rags, wet wipes, rubble and sand removed from wastewater have been almost entirely sent to landfill.

There was a reduction in the volume of water treatment solids (alum sludge) sent to landfill this year, likely due to the cooler and wetter weather conditions requiring less potable water production plus cleaner source water overall requiring less treatment. We will continue to explore ways to reuse this product, such as for specialised wetland soil applications, road base and/or soil blending options.

CASE STUDY

Use of sheep at our wastewater treatment plant

Sixty sheep arrived onsite at our Fyshwick Sewage Treatment Plant to reduce grounds maintenance costs and as a trial to more effectively control invasive weed species and reduce potential bushfire grass fuel loads. If successful, this initiative will be rolled out across a number of our sites.

Sheep aren't the only grazing animal we use. At our Murrumbidgee to Googong (M2G) Offset property 30 cattle are being trialled onsite for bushfire fuel hazard mitigation, which could prove helpful in hotter and drier years to lessen vegetation load going into summer.



Catchments and waterways

Healthy catchments and ecosystems are essential to our work. This year we submitted our triennial Catchment Sanitary Survey 2019–2021 to ACT Health outlining current and changing hazards in our drinking water catchments. We found that climate change variability has struck faster and harder than anticipated as a risk multiplier for catchment conditions. Modelled impacts of climate change were all observed in the survey period, including increasing temperatures, severe storms, prolonged dry weather and rising bushfire severity and the associated detrimental effects on water quality. The survey particularly noted an increased algal bloom trend across all three water supply catchments, consistent with climate change projections.

We continue to deliver conservation and rehabilitation programs to help protect threatened species in our water sources. The 2020 bushfires

severely impacted the habitat of the Two-spined blackfish (*Gadopsis bispinosus* – a vulnerable species) in the upper reaches of the Cotter Catchment. High river flows since then, combined with the impact of sediment from the 2020 fires, has limited the recovery of the population that only partially met the threshold values for a healthy population in 2022.

The ACT Government is examining the genetic health of the Blackfish population to guide recovery actions and hope to detect Two-spined blackfish in greater numbers at the next sampling regime in April 2024.

We continued to participate in various catchment management forums and community events to influence source water protection. Through our involvement in the ACT and Region Catchment Management Coordination Group we continued assistance in the implementation of relevant actions in the *ACT Water Strategy 2014–44*

and the *ACT and Region Catchment Strategy*.

We manage a 110-hectare biodiversity offset property at Williamsdale that counteracts the environmental impact from building our Murrumbidgee to Googong (M2G) Water Transfer Scheme. The wetter than average year has resulted in a huge growth season for both desirable and undesirable plant species. Consequently, a great deal of time was devoted to controlling vegetation growth through proven control methods, such as herbicide spraying or brush cutting. We also introduced a new method using grazing with cattle. The strong growth conditions were a great benefit to the revitalisation of a number of existing plantings across the property and some plantings had even put on enough growth to be unguarded against pest species. Further erosion remediation was also achieved this year with a large section of eroded gully remodelled by hand and stabilised with jute

CASE STUDY

Make the move

Icon Water was selected as one of four Canberra businesses to participate in the Make the Move program. This e-bike program was delivered by the Conservation Council ACT in collaboration with the Canberra Environment Centre via an ACT Government Community Zero Emissions Grant.

The program helps people move from daily car travel to active and public transport alternatives as part of efforts to reduce the ACT's greenhouse gas emissions.

As a participating business, we were loaned two e-bikes for staff to use for up to one week each, over a six week period. Staff were enthusiastic and the program was over-subscribed to the point of people using their own equipment. Following this experience, many staff

noted their intentions to purchase an e-bike for commuting or to find other ways to use public and active transport more often.

Data collected from the program is being provided to the ACT Government to help inform future policy. It also supports our intention to reduce our staff travel emissions.



^ The Icon Water participants in the Make the Move program with their borrowed e-bike

mesh and quality mulch, and replanted.

We continued to develop our internal capabilities by updating our general environmental toolboxes for our operational staff and introduced refresher environment and sustainability training which was undertaken by all staff in March 2022.

Commissioner for Sustainability and the Environment

Icon Water provided contributions to the *State of the Lakes and Waterways in the ACT* report developed by the Commissioner for Sustainability and the Environment. Our contributions spanned many areas, including our role in protecting our drinking

water supply catchment, protecting public health and the environment, our returning used urban water as high quality environmental releases in one of the ACT's major recycling schemes, our ecological monitoring data and our close working relationship with various environmental groups that support the health of local waterways.

Icon Water met with the Commissioner regarding implications of the *Scope 3 Greenhouse Gas Emissions in the ACT* Investigation Report released on 11 November 2021. Future versions of our eMission Possible Plan are expected to consider scope 3 emissions, once further progress is made to mitigate our direct scope 1 emissions.

The Commissioner also provided a pre-recorded presentation on the top three sustainability challenges for Canberra to our senior leader's forum in October 2021. The top three challenges were climate change as the most significant challenge for the ACT and the world; the impact of human settlements in Canberra and living beyond our limits; and embracing the circular economy so we minimise consumption and waste, recycle, and maintain natural systems. The presentation was well received by staff and led to a thought-provoking discussion consistent with our corporate purpose to sustain and enhance quality of life.

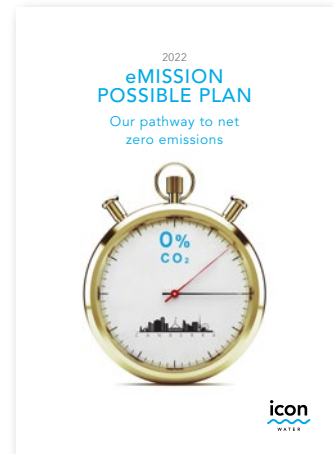
CASE STUDY

eMission Possible for net zero

On World Environment Day 5 June 2022, we launched our eMission Possible Plan – our pathway to achieving net zero emissions by 2045. It includes a range of decarbonising initiatives collected via internal workshops and selected based on technical feasibility, operational suitability, cost and abatement opportunities. Initiatives include: addressing fugitive emissions from our wastewater treatment through research, technologies and process changes;

greening our NSW electricity use; and switching to zero emissions vehicles.

We announced our commitment to net zero at COP26 in November 2021 through our participation in the United Nations (UN) Race to Zero with several of our water industry peers. Our publication will be reported to the UN via platforms that feed into the UN Framework Convention on Climate Change (UNFCCC).



CASE STUDY

Clean Up Australia Day

This year was Icon Water's tenth consecutive year participating in Clean Up Australia Day. It was wet and windy but there was no stopping the dedicated volunteers from our business from beautifying suburban parks in Taylor, just near our One Tree Reservoir.



Table 11: Sustainable development performance

Indicator as at 30 June	Unit	2021–22 FY	2020–21 FY	Percentage change
Stationary energy usage				
Electricity use	Kilowatt hours	36,538,578	32,795,668	-5.6%
Natural gas use (non-transport)	Megajoules	42,532,415	34,483,342	+23.3%
Diesel use (non-transport)	Kilolitres	7.5	10.7	-30.3%
Transport fuel usage				
Electric vehicles	Number	0	0	0
Hybrid vehicles	Number	3	1	+200%
Hydrogen vehicles	Number	0	0	0
Total number of vehicles	Number	135	130	+3.8%
Fuel use – Petrol	Kilolitres	8.7	10.4	-16.7%
Fuel use – Diesel	Kilolitres	335.5	401.3	-16.4%
Fuel use – Liquid Petroleum Gas (LPG)	Kilolitres	0.1	0.2	-55.9%
Fuel use – Compressed Natural Gas (CNG)	Gigajoules	0	0	0
Water usage				
Water use	Kilolitres	121,262	107,975	+12.3%
Resource efficiency and waste				
Reams of paper purchased	Reams	673	541	+24.4%
Recycled content of paper purchased*	Percentage	43%	0%	N/A
Waste to landfill	Tonnes	3,472	3,122	+11.1%
Co-mingled material recycled	Tonnes	1.56	0.85	+83%
Paper and cardboard recycled (incl. secure paper)	Tonnes	9.97	17.95	-44%
Organic material recycled**	Tonnes	0	0	0
Greenhouse gas emissions				
Emissions from natural gas use (non-transport)	Tonnes CO ₂ -e	2,749	2,229	+23.3%
Emissions diesel use (non-transport)	Tonnes CO ₂ -e	21	30	-29.2%
Emissions from transport fuel use	Tonnes CO ₂ -e	980	1,173	-16.4%
Total emissions***	Tonnes CO₂-e	18,640	17,587	+6.0%

Table notes:

- Estimates are provided for 2021–22 electricity use at smaller sites as not all invoicing has been received at the time of data collection.
- Water use, electricity and natural gas data excludes direct 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, and construction and demolition waste data.
- Emissions from stationary energy use includes electricity, natural gas, fuel oil, diesel, petrol, LPG and ethanol emissions.
- Total emissions also include fugitive nitrous oxide emissions and fugitive methane emissions. Fugitive nitrous oxide emissions have been calculated using the same approach as in previous years for consistency.

* 43% of paper purchased contained 20% recycled content. 100% of paper was carbon neutral. The increase in paper purchased during 2021–22 is likely due to COVID-19 restrictions lifting and staff returning to Icon Water's offices.

** Until March 2020 organic material from Mitchell was composted onsite. The arrangement changed during COVID-19 lockdown and will be captured through a new contract arrangement where material is picked up and recycled at a composting facility offsite from early December 2022.

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



ECONOMIC REGULATION

2021–22 water and wastewater prices

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

In 2021–22, the annual water and wastewater bill for a typical Canberra household using 200kL of water per year increased by two per cent, roughly an additional 45 cents per week. The higher prices are primarily due to increased payments for the ACT Government's Water Abstraction Charge in 2019–20 as a result of below-average rainfall and higher water usage.

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. The first two reviews concluded in 2020–21 and the demand forecast methodology review concluded in 2021–22.

Demand forecast methodology review

In May 2021, the ICRC commenced a review of water and wastewater demand forecasting methodologies. Demand forecasts play an important role in setting our prices, and in planning the investments required to maintain and grow the water and wastewater networks. The ICRC's review provided an opportunity to evaluate our demand forecasting methods to make sure they remain fit-for-purpose and use the best

available data. Icon Water engaged with the ICRC throughout the review and made several submissions, which highlighted that the existing demand forecasting methodologies had generally performed well over the 2018–23 period.

On 9 December 2021, the ICRC issued its final decision on the demand forecasting methodologies for the 2023–28 regulatory period. The final decision largely retains the existing forecasting methods. The ICRC has made a small number of refinements to the existing forecasting models, including using updated climate change projections, and adopting ACT population projections to forecast connection numbers. The ICRC also transitioned from using daily to weekly data in the model, which was found to slightly improve the forecast accuracy.

We applied the updated demand forecasting methods in our price proposal for the 2023–28 regulatory period.

2023–28 water and wastewater price investigation

On 9 December 2021, the ACT Treasurer signed a terms of reference under the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act) for an investigation into, and the making of a price direction for, regulated water and wastewater services provided by Icon Water for the period 1 July 2023 to 30 June 2028.

On 1 March 2022, the ICRC released an issues paper outlining their approach to the 2023–28 price investigation. The issues paper asked for customer and community views on topics including affordability and price stability, service standards, water security and how Icon Water is managing risks from climate change. Icon Water made a submission to the issues paper, which is available on the ICRC's website, and addressed the questions put forward in the issues paper.

On 30 June 2022, we submitted our 2023–28 price proposal to the ICRC. The price proposal outlines the investments necessary for us to continue providing reliable water and wastewater services to our community. Our price proposal has been developed to deliver on the services our customers told us they value most: reliable water and wastewater services; quality drinking water; affordable pricing; and responsive customer service. At the same time, our proposal responds to major factors influencing our operating environment, allowing us to proactively make plans for our ageing infrastructure while supporting a growing ACT population and mitigating the effects of climate change.

Our price proposal outlines our plan to invest approximately \$700 million over the 2023–28 regulatory period to renew and upgrade our critical infrastructure, including major upgrades of our wastewater



treatment facilities to meet the needs of a growing ACT population. Icon Water's proposed investments will result in annual increases of around 4.5 per cent, or around \$58 per year, in the combined water and wastewater bill of a typical residential customer using 200kL of water a year. Inflation – measured using the Consumer Price Index – accounts for over half of the increase. Our full price proposal is available at iconwater.com.au/priceproposal.

The ICRC will now review and consult on our price proposal before setting water and wastewater prices that will apply from 1 July 2023.

Non-potable water

In December 2021, the ACT Government published its final report on water costs for high-intensity club users of non-potable water, with the aim of allowing clubs to maintain operations while avoiding cross-subsidisation from other ACT water users. The review was part of the *ACT Labor and ACT*

Greens Parliamentary and Governing Agreement for the 10th Australian Capital Territory Legislative Assembly, and focused 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.

The review found that Icon Water has accounted for the National Water Initiative (NWI) and ICRC's pricing principles when setting non-potable water prices, and these are broadly cost reflective.

The non-potable rebate that the ACT Government provided to eligible clubs ceased on 31 December 2021.

CORPORATE SERVICES SOURCING STRATEGY

ActewAGL currently provides corporate and customer services to Icon Water through the Corporate Services Agreement (CSA) and Customer Services and Community Support Agreement (CSCSA) (the Agreements).

The Agreements are both set to expire in June 2023, with a six-month transition period thereafter. In preparation for the expiry of the Agreements, Icon Water progressed implementation of the Board-approved sourcing strategy for those services covered under the existing CSA and CSCSA contracts.

During 2021-22, we made good progress towards delivering the approved sourcing strategy. This included agreeing to supersede the CSCSA with a new Retail Customer Service Agreement (RCSA) with ActewAGL, under the Engagement and Business Service Transition (EBST) Project. The RCSA will deliver the same scope of services as the CSCSA (summarised in Figure 7 below). In addition, throughout June to December 2021 the Information and Communication Technology (ICT) and Financial Information Management System (FIMS) projects approached the market for providers and entered into contract with

selected partners in March 2022.

At the beginning of 2022, Icon Water was notified that ActewAGL would not be pursuing the provision of the remaining services under the CSA. As a result, in April 2022, we updated the corporate services strategy updated the sourcing strategy and revised its scope to include an additional project – the Human Resource, Treasury and Economic Regulation Project (HRTER). Figure 7 summarises the services to be provided per project.

Through the final quarter of 2021–22 we have carried out procurement processes for EBST and HRTER project services, with ongoing procurement and delivery activity to continue into the next financial year.

We continue to progress towards delivery of the approved sourcing strategy by mid-2023, noting that some transition activities may continue through to December 2023.

Figure 7: Services to be provided per project

Corporate Services Agreement		Customer Services and Community Support Agreement	
ICT	<ul style="list-style-type: none"> ICT physical hardware, computer software systems & supporting technical services 		
EBST	<ul style="list-style-type: none"> Emergency and fault contact centre Procurement Warehouse management Vehicle fleet management Property management Security management 	EBST	<ul style="list-style-type: none"> Meter reading Customer billing Customer account management Customer contact centre Accounts receivable and credit management Customer data storage and protection Community communications Corporate communications Sponsorships
HRTER	<ul style="list-style-type: none"> Human resource services Treasury Economic regulation affairs and pricing 		
FIMS	<ul style="list-style-type: none"> Tax Accounts payable Accounting 		



INFORMATION AND COMMUNICATIONS TECHNOLOGY

Like other industries, the water industry is undergoing profound technology change which is expected to continue into the near future.

To keep pace with the digital world and provide the contemporary service and experience our customers expect, the Digital Strategy 2021–28 remains one of our business strategic priorities.

Our Digital Strategy also supports the corporate services sourcing strategy, reducing risk and maximising opportunities of the transition from the Corporate Services Agreement (CSA) and Customer Services and Community Support Agreement (CSCSA) to the new arrangements.

During 2021–22 the first tranche of work under the Digital Strategy was completed. We successfully established the Digital Program, baselined our existing ICT portfolio, tested and demonstrated digital

efficiencies in the business, and undertook detailed planning for the 2023–28 regulatory period as well as the next Digital Strategy tranche of work. We also implemented the Cyber Security Strategy and Cyber Security Roadmap to further improve our cyber preparedness and compliance with *Security of Critical Infrastructure Act 2018 (SOCi)* obligations.

Throughout 2021–22 we delivered the following upgrades and new capabilities:

- **Windows Virtual Desktop Remote Access Solution**
This project decommissioned our legacy Citrix virtual desktop and replaced it with Windows to enable remote working and cloud adoption in alignment with the Icon Water Hosting Strategy, as well as enable an upgrade to the Drawing Management System (see below).
- **Drawing Management System**
This project delivered an upgrade to the Drawing Management suite to latest version drawing software,

providing consistency and support for drawing teams.

- **Water Meter Management System Stage 1**
This project provided end-to-end standpipe meter asset lifecycle tracking including issuing, management and decommissioning of meters.
- **Optimised Cloud infrastructure**
We have established our Hosting Strategy and started implementing it through the projects and initiatives that are seeking cloud hosting. The Amazon Web Services redesign initiative is underway, establishing the Well Architected Framework to support us to improve performance, security and resilience, and reduce costs.
- **Work and Asset Management enhancements**
Enhancements included the ability to execute work directly from the map on a mobile device, automating the scheduling tool and cost centre algorithm, and migration of planned network maintenance from paper-based processes.

ASSET MANAGEMENT

Our Asset Management System (AMS) underpins our ability to provide affordable, resilient 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/NZS ISO 55001 and associated supporting standards (see Figure 8). We have made focused improvements to several of the seven elements of our Asset Management System.

We continued to improve on how we plan and deliver assets to provide resilient and reliable services at the best value to our customers. The focus in 2021–22 has been on continuous improvements in several of the elements of our Asset Management System, as follows:

Organisation and people

We undertook quantitative and qualitative engagement on customer expectations for services, and the balance of pricing, planning and service levels. We used this information to update our targeted service levels, and proposed revised service outcomes as part of our 2023–28 price proposal.

Strategy and planning

We did a major review of our *Strategic Asset Management Plan (SAMP)* which incorporates our shift to service-centric asset management, and updates it in line with the most recent ISO guidance. The SAMP combines the top-down organisational objectives and policies to define the direction and long-term service outcomes.

We have updated our asset management plans to reflect customer expectations of service levels, and reflect the approaches outlined in the SAMP.

We continue to update and review our long-term water and wastewater system strategies to incorporate 50-year population updates, climate change forecasts and adaptive planning to improve our resilience. We have combined the next stage of investigations into an integrated water management program to reflect the dependencies and connections between the water and wastewater systems.

Asset knowledge

We have made improvements to the accessibility of our asset data. We have upgraded our Drawing Management System and introduced new mobile capability. This allows field staff to access drawings and mark-up with amendments directly from the field, increasing efficiency and effectiveness.

Figure 8: Icon Water’s Asset Management System as defined in our Strategic Asset Management Plan



Asset decision making

We have reviewed and updated the asset models for water and wastewater pipes. These have been used to project future customer service levels with differing levels of interventions and renewals. This will support decision making to select optimum interventions to balance current customer prices and longer-term service impacts.

Asset creation

We have standardised and improved our asset creation through updating and publishing asset standards. We have introduced three new standards associated with:

- managing electrical hazards near metallic pipelines
- minimum technical requirements for new reservoirs
- establishing sustainability guidelines for design.

We have updated existing Icon Water standards to modernise our water network design requirements to reflect updates to technical codes and in response to stakeholder feedback.

These standards work together to ensure the assets designed and accepted by Icon Water will minimise ongoing service and operating risks and costs, particularly where infrastructure is 'gifted' to Icon Water as part of a development.

Maintain and protect

We have reviewed and updated our condition monitoring framework. This includes updating the methods used for condition assessment such as vibration monitoring and thermography. This will allow for consistent, modern and systematic application of condition monitoring across all Icon Water assets. This also 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.

Operations

We have addressed gaps in asset data. As many assets were installed before modern computerised information systems, there are some information gaps. We have undertaken site visits to resolve these gaps, and provided this information in verified systems of records. This is an ongoing area of focus.

CASE STUDY

Updating globe valves

Icon Water has over 100 currently active globe valves in our network. These are automatic control valves that control pressure and flow to customer networks. The previous information on these was fragmented, with information on type, location, inlet and outlet pressure not systematically available. There was also low organisational knowledge, which limited the routine inspections.

We undertook site visits and recorded the information on each of the valves, which was converted into a formalised drawing for each valve.

These will be consolidated into a reference book.

Having up-to-date information on equipment improves the efficiency of stocking and carrying spares, improves planning and delivery of routine maintenance, improves the speed of response for unplanned outages and provides a verified record for future configuration or operational changes.



CAPITAL WORKS

In 2021–22 Icon Water invested \$68.5 million in capital works to grow and improve our water and wastewater networks to meet future demand and protect the natural environment.

Most significantly we have 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 water and wastewater 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 have needed to be replaced due to age, an increasing risk of failure, and to continue to meet environmental regulations.

In 2021–22 we continued or completed the following major projects:

High voltage asset renewal

This project will address reliability issues related to ageing electrical infrastructure.

Considerable early procurement of long lead time items is complete and construction work is progressing well onsite with excavation activities associated with the installation of a new electrical ring main, which will provide redundancy of power supply at the plant.



\$44.9m
Estimated total project value

Anticipated construction period: FY22-FY24

Solids handling

This project has multiple parts including furnace and exhaust upgrades, screening and ventilation upgrades, centrifuge replacement and a new sludge holding tank. The project aims to deliver a more reliable and consistent solids feed to the furnaces, improving its efficiency.

All projects have achieved construction completion with only the commissioning of the sludge holding tank remaining.



\$78.3m
Estimated total project value

Anticipated construction period: FY17-FY23

Tertiary filters and disinfection upgrade

This project involved renewal of the tertiary treatment filtration system. These assets had not had a major renewal since installation in the late 1970s.

This project has achieved construction completion and is currently being commissioned.



\$42.5m
Estimated total project value

Anticipated construction period: FY19-FY22

Other capital works projects

Belconnen trunk sewer upgrades

Wastewater 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.

Construction has progressed in 2021–22 with approximately 70 per cent of the trunk sewer complete, and site preparation underway for the construction of the odour control units (OCUs).



\$33.3m

Estimated total project value

Anticipated construction period:
FY21-FY23

Cotter Pump Station upgrade

The Cotter Pump Station supplies raw water from either the Cotter Dam or the Murrumbidgee River to Stromlo Water Treatment Plant. Access to this water supply relies on the pump station.

The upgrade project will ensure the ongoing reliability of this ageing asset which is critical to water security.

The project involves the construction of a new building, plus two new pumps, a high voltage switch room and supply and discharge manifolds. The new pump station will provide redundant pumping capacity and allow for decommissioning of the historic Cotter Pump Station (Cotter WPS No.1).

Detailed design is nearing completion. The delivery of construction is expected in 2023–24.



\$26.0m

Estimated total project value

Anticipated construction period:
FY23-FY24

Water meter and service upgrade program

Our annual water meter and service upgrade program continued in 2021–22.

We replaced 6,427 meters in the planned replacement program (5,853 small and 574 large meters). In addition there were 337 reactive meter replacements on meters that had failed.

1,566 new meters (small and large) were issued for new building development projects.

The total number of meters replaced and issued was 8,330 which is a 19 per cent decrease from the previous year with the reduction primarily due to COVID-19 impacts. Of the total, 77 per cent were planned, 4 per cent were reactive and 19 per cent were new meters issued.



\$17.4m

Estimated total project value

Ongoing program

O'Connor reservoir roof replacement and floor sealing

The O'Connor reservoir, with a capacity of 27.3ML, was built in 1958 to supply the North Canberra pressure zone. Due to its age, both the roof structure and the floor joints had suffered significant deterioration.

The construction of the O'Connor reservoir roof replacement project commenced in 2021–22. The roof structure is currently being replaced, and the floor joints are being renewed. Commissioning is planned in spring 2022.



\$7.0m

Estimated total project value

Anticipated construction period:
FY22-FY23

Googong Water Treatment Plant clarifier renewals

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

The four clarifiers at Googong WTP have been upgraded to ensure they continue to remove solids and other contaminants from raw water.

Final commissioning occurred in 2021–22.



\$14.7m

Estimated total project value

Construction period:
FY20-FY22

One Tree reservoir project

The One Tree reservoir project has delivered twin reservoirs to service the 'super high zone' of the new subdivision of Taylor.

The second reservoir was commissioned in July 2021.



\$10.5m

Estimated total project value

Construction period:
FY20-FY22

LMWQCC biosolids management renewal

The LMWQCC biosolids management renewal project is a renewal-driven upgrade of biosolids treatment and management infrastructure. The furnaces have been in operation since the 1970s and are nearing their end of nominal service life.

The project has been initiated and early work is underway to develop concept designs to allow the selection of the preferred option.



~\$182m¹

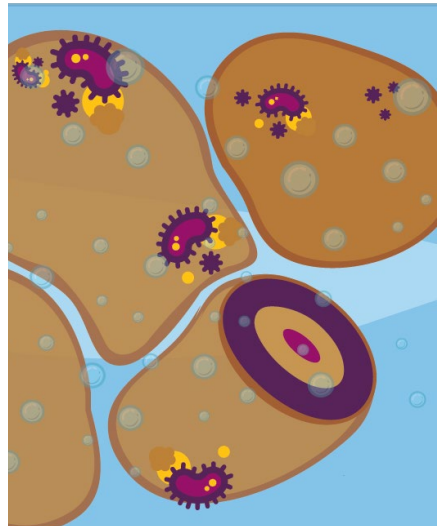
Estimated total project value

Anticipated construction period:
FY25-FY29

LMWQCC secondary treatment bioreactors

The LMWQCC secondary treatment bioreactors project is proposed to address the region's population growth by augmenting the secondary treatment bioreactor capacity to accommodate ACT population projections.

The project has been initiated and early work is underway to develop concept designs to allow the selection of the preferred option.



~\$290m¹

Estimated total project value

Anticipated construction period:
FY26-FY30

.....
¹ Project estimate aligns with pricing review assumptions, however there is inherent uncertainty as the project is in its early stages and the preferred option has not yet been determined.



CORPORATE
GOVERNANCE AND
ACCOUNTABILITY

THE BOARD

At 30 June 2022, 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, the company's constitution, and Icon Water's internal management system procedures.

The Board met eleven times during the financial year (including the Annual General Meeting). Details of attendance at Board and Committee meetings are on page 89 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 2022 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 twice.

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

At 30 June 2022 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 from July 2013, Deputy Chair in March 2014, then Chair from March 2017. Ms Caird's appointment term was extended in March 2020 when she was reappointed as Chair for 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 boards, 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 and to the boards of Icon Distribution Investments Limited and Icon Retail Investments Limited in March 2017. 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 October 2020 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 and Risk Committees for Services Australia and Chair for the Department of Home Affairs among 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 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 of 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

Director
BEc (Hons), MEd, PhD

Term concluded 15 November 2021

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 until 30 June 2022, and held the role as Chair for the period 19 December 2018 until 2 October 2020. He was 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 Master 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 30 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 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 and 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 35 years' experience working in strategic and statutory land use and infrastructure planning across all levels of government. She has worked in NSW local government, headed the Federal Government's Major Cities Unit, was Deputy Director-General of the Western Australian Department of Planning and Infrastructure, and a member of the WA Planning Commission. Ms Ekelund has held a number of urban planning

roles in the ACT Government, including as 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 renewables. Ms Ekelund has also been the ACT member of the Murray-Darling Basin Officials Group.

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



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 and 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 Tasmanian Civil and Administrative Tribunal. 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 14 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 Master 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
B.Eng, M Environmental Studies,
Dip Mgmt, FIEAust, CPEng, NER,
FIE Aust, 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 and the Icon Distribution Investments Limited Board.

Mr Dennis is General Manager of Water for Beca Hunter H2O, a Director of the NSW Local Government Procurement Board, and a Director and President Elect for 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; and has held 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's 'Professional Engineer of the Year (2009)'.

Mr Dennis has a Bachelor of Engineering in chemical engineering, Master of Environmental Studies, a postgraduate Diploma of Management, a Corporate Directors Diploma and is an Adjunct Professor in Engineering at the University of Newcastle. He also lectured in Environmental Process Technologies for over 15 years.



JULIE-ANNE SCHAFFER

Director
LLB (Hons), ANZIIF, FAICD

Appointed 16 November 2021

Julie-Anne Schafer was appointed to the Icon Water Board in November 2021 and as a Director of Icon Retail Investments Limited and Icon Distribution Investments Limited on 15 December 2021. Ms Schafer is also a member of the Icon Water Remuneration Committee.

Ms Schafer has directorship experience in diverse and highly regulated sectors, including financial services, utilities, transport, member services and health.

Ms Schafer is currently a non-Executive director of Urban Utilities and Chair of the Audit, Finance and Risk Committee and member of the Experience and Safety Committee for Urban Utilities. She is also a non-Executive director of CS Energy, Chair of the Culture and Remuneration Committee and member of the Audit and Enterprise Risk Committee for CS Energy.

Ms Schafer is a non-Executive member of the Office of the National Rail Safety Regulator and is a member of the Board of the Australian Reinsurance Pool Corporation. She is President of the National Competition Council.

Ms Schafer was previously a partner in Brisbane professional legal service firms, specialising in commercial and insurance matters. She is a former Deputy Chancellor of QUT, President of the Queensland Law Society, and Chair of Queensland's largest mutual.

She is a Fellow of the Australian Institute of Company Directors and has a Bachelor of Laws with Honours. She facilitates in Governance and the Practice of Directorship, Risk and Strategy, in the Company Director Course, for the Australian Institute of Company Directors.



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 before 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



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 of 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.



JOY YAU

Chief Financial Officer
BA (Hons), CA, GAICD

Joy Yau is responsible for the overall financial management, asset strategy and business strategy of Icon Water, including oversight of its investment in ActewAGL. Ms Yau joined Icon Water in 2014 and has over 18 years of professional experience including extensive commercial and strategic financial management roles across the utility, retail and hospitality sectors in Australia and the United Kingdom.

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

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

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

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

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



DAVINA MCCORMICK

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

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 experience in the water and wastewater industry and has led the development and delivery of investment programs within utilities as well as private industry.

His expertise is in leading large, complex infrastructure projects with a particular focus on community and stakeholder liaison.

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



GERARD BRIERLEY

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



ALISON PRATT

General Counsel
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.



DR TONY POLLOCK

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

Dr Tony Pollock is an engineer and a business leader focused on improving business efficiency and customer experience through technology, innovation and digital transformation. He 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.

BOARD AND 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 12: Board and Executive remuneration 2021–22

	Short term employee benefits		Post-employee benefits	Other long-term benefits	Total remuneration \$
	Salary & fees \$	Non-monetary benefits \$	Superannuation ¹ \$	Employee entitlements \$	
Board Directors					
Wendy Caird <i>Non-Executive Director, Chair</i>	82,183	550	10,684	-	93,417
Carol Lilley <i>Non-Executive Director, Deputy Chair</i>	65,779	550	8,551	-	74,880
Dr Thomas Parry AM ² <i>Non-Executive Director</i>	15,220	-	1,979	-	17,199
Brett Tucker <i>Non-Executive Director</i>	41,080	550	5,340	-	46,970
Dorte Eklund <i>Non-Executive Director</i>	41,080	-	5,340	-	46,420
Dr Helen Locher <i>Non-Executive Director</i>	41,080	-	5,340	-	46,420
Peter Dennis <i>Non-Executive Director</i>	41,080	-	5,340	-	46,420
Julie-Anne Schafer ³ <i>Non-Executive Director</i>	25,825	-	3,357	-	29,182
Total board directors remuneration	353,327	1,650	45,931	-	400,908
Senior Executives⁴					
Ray Hezkial <i>Managing Director</i>	569,460	5,908	27,654	16,538	619,560
Davina McCormick <i>General Manager Customer Engagement</i>	326,381	2,939	27,606	5,650	362,576
Joy Yau <i>Chief Financial Officer</i>	345,018	3,733	27,606	9,824	386,181
Gerard Brierley <i>General Manager Infrastructure Services</i>	337,747	3,016	27,606	5,835	374,204
Alison Pratt ⁵ <i>General Counsel</i>	311,419	3,406	27,606	8,788	351,219
Dr Tony Pollock <i>Chief Technology Officer</i>	346,144	3,132	27,606	7,298	384,180
Total senior executive remuneration	2,236,169	22,134	165,684	53,933	2,477,920

1 Superannuation is calculated on an accrual basis. Superannuation contributions are generally made in accordance with tax concession guidelines.

2 Dr Thomas Parry ceased holding office of director on 15 November 2021.

3 Julie-Anne Schafer commenced as a director on 16 November 2021.

4 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.

5 Alison Pratt utilised her excess recreation leave balance during this financial year which has been offset from her salary and fees payment.



RISK MANAGEMENT

Risk management is a vital function of Icon Water's governance framework, and is an enabler of our strategic objectives. Effective risk management increases the probability of successful outcomes while protecting the community and our business operations.

A key focus this year was the initiative to align our Risk Management Framework (the framework) to the International Standard on Risk Management ISO 31000:2018. The framework identifies why we undertake risk management and how we are expected to do so. The framework integrates risk management practices into: governance practices; informal and formal decision making; business-as-usual and audit activities; and within Icon Water's strategic business planning, policy advice and project management.

Further risk activities undertaken in 2021–22:

- We conducted a review of the existing risk management governance documents and consolidated these for efficiency to form the Risk Management Manual.
- We ran over 90 risk workshops to allow stakeholders across the business to collaborate in

the risk assessment process supporting better decisions about actions to take on risk.

- We delivered training and refresher sessions on risk management, focusing on applying these processes to enhance internal business practices. This training provides a foundation to recognise and understand how managing risk benefits and impacts individuals and the organisation.
- Enterprise risk reviews are underway with all eight enterprise risks to be examined and outcomes of these reviews to be provided to the Icon Water Board. Conducting enterprise risk reviews brought together key personnel to identify threats (risks), and impacts that may affect Icon Water achieving its strategic priorities and objectives. The reviews enhanced risk management strategies and revealed risk opportunities.



BUSHFIRE RISK MANAGEMENT

Bushfires pose a potential threat to our operations which is managed through an annual works program, known as the *Bushfire Operational Plan* (BOP).

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.

The 2021–22 BOP identified 59 hazard reduction works to be completed at major treatment plants, water mains, service reservoirs, pump stations, power lines, access roads and other critical assets. All 59 works have been completed in the financial year and an additional 17 sites requiring work outside of the scheduled BOP were completed.

The BOP is approved by the ACT Emergency Services Agency Commissioner, with lists of works completed reported to the Commissioner on a quarterly basis.

The Bureau of Meteorology forecast of potential weather impacts for the 2021–22 high risk weather season was used in the review of bushfire scenarios and environmental conditions to assist business preparations.

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



^ Icon Water staff working as members of an Incident Management Team

RESILIENCE

Icon Water has implemented a resilience program that incorporates emergency, business continuity and security functions.

The program includes response and recovery plans and related support documentation, training, review mechanisms, and an exercise regime that meets the requirements of relevant ACT and NSW legislation and emergency management best practice.

Operationally the business responded to four emergency incidents and prepared for nine potentially disruptive events, including multiple wet weather events linked to the La Niña climatic conditions and an ongoing response to the COVID-19 pandemic. The number of actual and potential

incidents managed was broadly consistent with the average number of events the business will normally manage each year.

As part of Icon Water's validation and review of emergency and business continuity plans several exercises were conducted to ensure our incident response, regulatory obligations and business continuity arrangements are met. A number of staff participated in an Australasian Inter-Service Incident Management (AIIMS) Level 2 Incident Controller Course to bolster the number of trained Incident Management Team personnel.

During the reporting period, the Commonwealth Government has progressed several critical infrastructure resilience reforms, through parliamentary and administrative processes. These reforms, including amendments to the *Security of Critical Infrastructure Act 2018*, will oblige Icon Water to develop and maintain a Critical

Infrastructure Risk Management Program and comply with the mandatory reporting of cyber-security incidents to the Commonwealth and reporting of any changes to Icon Water's ownership and control arrangements. These reforms have focused our business resilience functions on preparing the business to comply with the new obligations with an emphasis on enhancing the capacity of our business to manage emerging cyber, personnel, supply chain, and physical security challenges along with natural hazard risks.

Icon Water is represented on the ACT Security and Emergency Management Senior Officers Group as required, the Security and Emergency Management Planning Group, and the ACT Critical Infrastructure Working Group. Icon Water also participates in other resilience-related forums across jurisdictions and government.



INTERNAL AUDIT

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:

- the *International Standards for the Professional Practice of Internal Auditing*
- the requirements of *ISO 19011 for the auditing of management systems*.

Icon Water’s three-year internal audit strategy is supported by our annual internal audit program. The 2021–22 audit program incorporated a broad range of performance and compliance-

related internal audits. A key focus was assessing the effectiveness of assurance frameworks for strategic projects and the continuity of critical infrastructure. Compliance reviews relating to safety, customer, financial and environmental topics were also performed. A governance audit was performed over the Internal Audit function, where the function was assessed to best practice standards.

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. 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 (the Program) provides a framework for how we create, manage and dispose of records of business activities. The Program was updated to reflect the changes due to the implementation of SharePoint Online and the new Electronic Documents and Records Management System (Records365). The revised program was approved in September 2021 and a copy was provided to the Territory Records Office (TRO) on 8 September 2021. 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 relevant records disposal schedules have been identified and implemented in Records365 based on the revised disposal schedules as listed in Table 13.

Recordkeeping maturity assessment

During the reporting period, we completed a recordkeeping maturity assessment and a copy of the assessment was provided to the TRO on 6 June 2022.

Table 13: 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

At Icon Water we promote a culture of ethical conduct and are committed to minimising the occurrence of fraud and corruption.

We achieve this by developing, implementing, monitoring and

reviewing a range of prevention, detection and response strategies and measures.

Fraud prevention at Icon Water includes regular formal fraud awareness training at induction for all new staff and contractors and regular refresher training for existing staff. Fraud, corruption and unethical behaviour control practices are also embedded and include

appropriate detection measures, transparent and timely investigations and monitoring of implementation of recommendations to reduce the likelihood of future recurrence.

During 2021–22, there was one allegation of fraudulent activity relating to misuse of leave entitlements which was not substantiated.

FREEDOM OF INFORMATION

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

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 services 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 at 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 or by phone on 02 6248 3111 (Option 3).

FOI requests 1 July 2021 to 30 June 2022

Icon Water received three requests for access to documents under section 30 of the FOI Act 2016 during the reporting period. Access to documents was granted for all three applications, aside from the removal of the names of staff members and members of the public for privacy reasons. Two of the three applications were processed within the required timeframes, with one application addressed one day late. All applications were processed at no cost to the applicants. The documents disclosed in these applications can be found in the FOI disclosure log on Icon Water's website at www.iconwater.com.au/About/Contact-Us/Freedom-of-Information.

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

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

There were no complaints made about Icon Water or its subsidiaries to the ACT Human Rights Commission during the reporting year.

MODERN SLAVERY

At Icon Water, we respect human rights and consider modern slavery to be utterly unacceptable. We are committed to providing a safe workplace free from modern slavery both within Icon Water and in our supply chain.

Modern slavery refers to situations of exploitation and coercion such as servitude, forced labour, human trafficking, debt bondage, forced marriage and child labour. It can be perpetrated on anyone, regardless of race, age or gender.

We procure a large variety of goods and services from approximately 2,500 suppliers of which more than 99 per cent are based in Australia with a considered low risk of modern slavery. However, many of these suppliers engage staff and procure products from overseas and we have principles and procurement processes that require our suppliers to look at the risk of modern slavery in their own supply chains.

While we have not identified any instances of modern slavery to date, we have established tools to address and correct it should it occur, and acknowledge that tackling modern slavery requires an ongoing focus and commitment.

In 2021–22 our modern slavery working group has continued to work through our three-phased approach by having strong policies and publications; training and capacity building; and supply chain due diligence, in which we:

- reviewed highly regarded modern slavery statements from last year and incorporated best practice anti-modern slavery approaches to our action plan
- consulted with our stationary suppliers to source low modern slavery risk products
- published our second modern slavery statement – [Addressing modern slavery risks in our business](#)
- developed tailored modern slavery refresher training which was undertaken by 89 per cent of staff and will be repeated every two years

- updated our sustainability, social and governance factors in our procurement documentation
- introduced steps to identify modern slavery risks through our tier two supply chain
- promoted details of modern slavery approaches from a selection of our suppliers as an awareness exercise for our staff
- joined the WSAA Modern Slavery Working Group to share ideas and experiences, and develop consolidated water industry toolkits.

PUBLIC INTEREST DISCLOSURE

Icon Water is required to comply with public interest disclosure requirements under ACT and Commonwealth laws. While these laws 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 our 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 safe and confidential way, without fear of reprisal or detrimental treatment.

Our Whistleblower Policy is published on our website, together with information about how to make a public interest disclosure.

Icon Water manages public interest disclosures in accordance with the *Public Interest Disclosure (Integrity Commission – Managing Disclosures and Conducting Investigations) Guidelines 2021* issued by the ACT Integrity Commissioner.

LEGAL SERVICES DIRECTION

Icon Water is a separate legal entity from the Australian Capital Territory and we comply with our obligations under the *Law Officers (General) Legal Services Directions 2012 (ACT)* and the *Law Officer (Model Litigant) Guidelines 2010 (ACT)*. In relation to civil claims and litigation, we use the legal services of various external legal firms. These firms are to act in a manner consistent with the Model Litigant Guidelines when performing relevant legal services for Icon Water or its subsidiaries. This is in addition to the professional and ethical duties with which solicitors are required to comply 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>Recommendation 52 Icon Water should undertake an independent market appraisal of the value of the services provided in the Service Agreements with ActewAGL.</p> <p>Government Response – Agreed in principle 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>Icon Water continues to implement the corporate services sourcing strategy.</p> <p>Further information on the activities underway to support expiry in 2023 are available on Icon Water's website and on page 49 of this Report.</p>	<p>In progress</p>

AUDITOR-GENERAL AND OMBUDSMAN REPORTS

ACT Auditor-General's report 2020–21 Financial Audits Financial Results and Audit Findings Report No. 12/2021

Recommendation No. and Summary	Action	Status
<p>Three new audit findings were identified in 2020–21 relating to:</p> <ol style="list-style-type: none"> Review and update its accounting policy and procedures for revaluing water and sewerage assets to ensure that they comply with current Australian Accounting Standards, so that these assets are correctly recorded at fair value in the financial reports. The methodology and inputs used by Icon Water to calculate the fair value of water and sewerage assets, which is based on the present value of future cash flows generated by the assets, need to be reviewed and updated to ensure they reflect assumptions that market participants would use in accordance with Australian Accounting Standard AASB 13: 'Fair Value Measurement'. The requirement for Icon Water to align ActewAGL's accounting policies for property, plant and equipment (cost value) to its own accounting policies (fair value) when valuing its investment in ActewAGL in accordance with Australian Accounting Standard AASB 128: 'Investments in Associates and Joint Ventures'. While Icon Water calculated adjustments to align the accounting policies, the adjustments were not recorded as required by the accounting standard as it had assessed the amounts to be immaterial based on its historical revaluation policy and procedures. Icon Water should record the adjustments to align the accounting policies each year unless they are insignificant. 	<p>Icon Water agreed to address these audit findings</p>	<p>1. Partially resolved ¹</p> <p>2. Resolved</p> <p>3. Resolved</p>

No new audit findings were identified in 2021–22.

Ombudsman reports

There were no Ombudsman reports relating to Icon Water during 2021–22.

¹ The partially resolved audit finding relates to the revised revaluation accounting policy that was approved by the Icon Water Board in June 2022, and effective from 1 July 2022. The conceptual design of the updated accounting policy has been considered to be appropriate by the ACT Audit Office, with a view to being able to conclude as fully resolved when the accounting policy is practically applied for the first time during 2022–23.



FINANCIAL
REPORTS

FINANCIAL MANAGEMENT ANALYSIS

The following financial information is based on audited Financial Statements for 2021–22 and comparatives for the 2020–21 financial year.

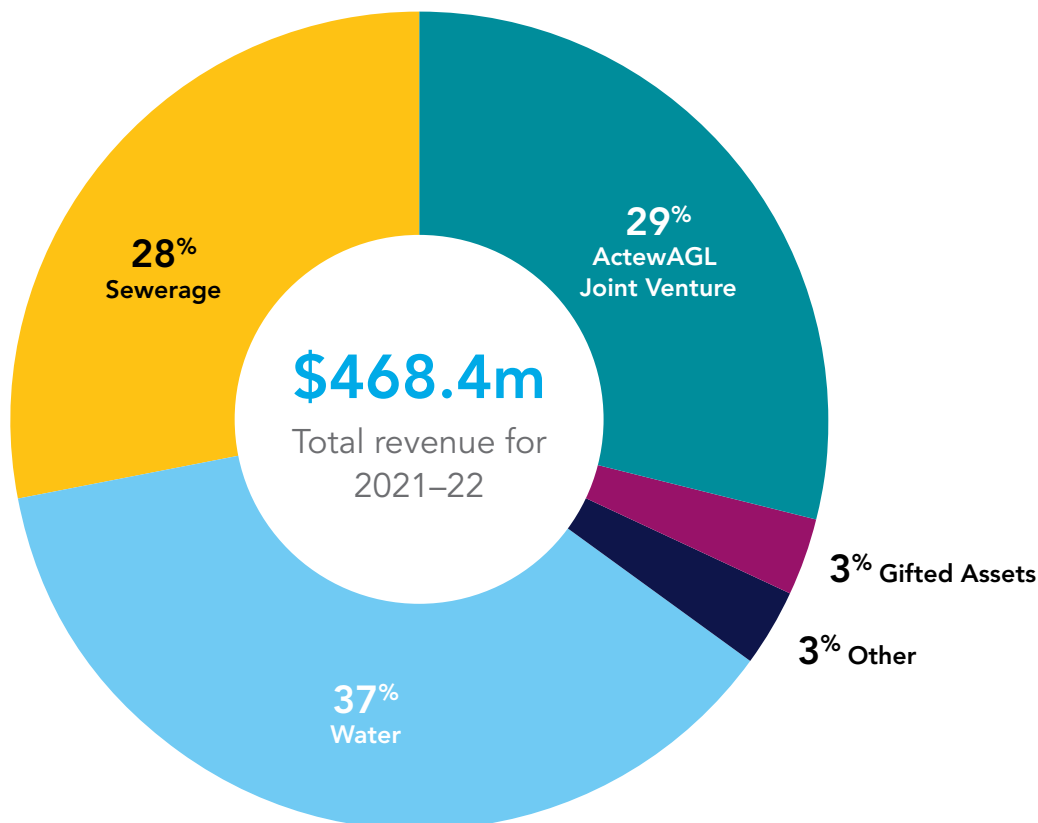
Operating Result

Icon Water recorded a net profit after tax for the year 2021–22 of \$76.0m (2020–21: \$66.8m).

The result was largely driven by an increase in joint venture income, partially offset by reduced revenue related to lower water consumption, a reduction in gifted asset income and higher operational and finance costs. The increase in joint venture revenue was predominantly attributable to lower large scale feed-in-tariff payments driven by an increase in the average wholesale spot price. The decline in water consumption volumes was primarily driven by the above average rainfall experienced throughout the year.

Total Revenue

During 2021-22 Icon Water derived \$468.4m in revenue and joint venture income. The components of this are depicted in the following graph:

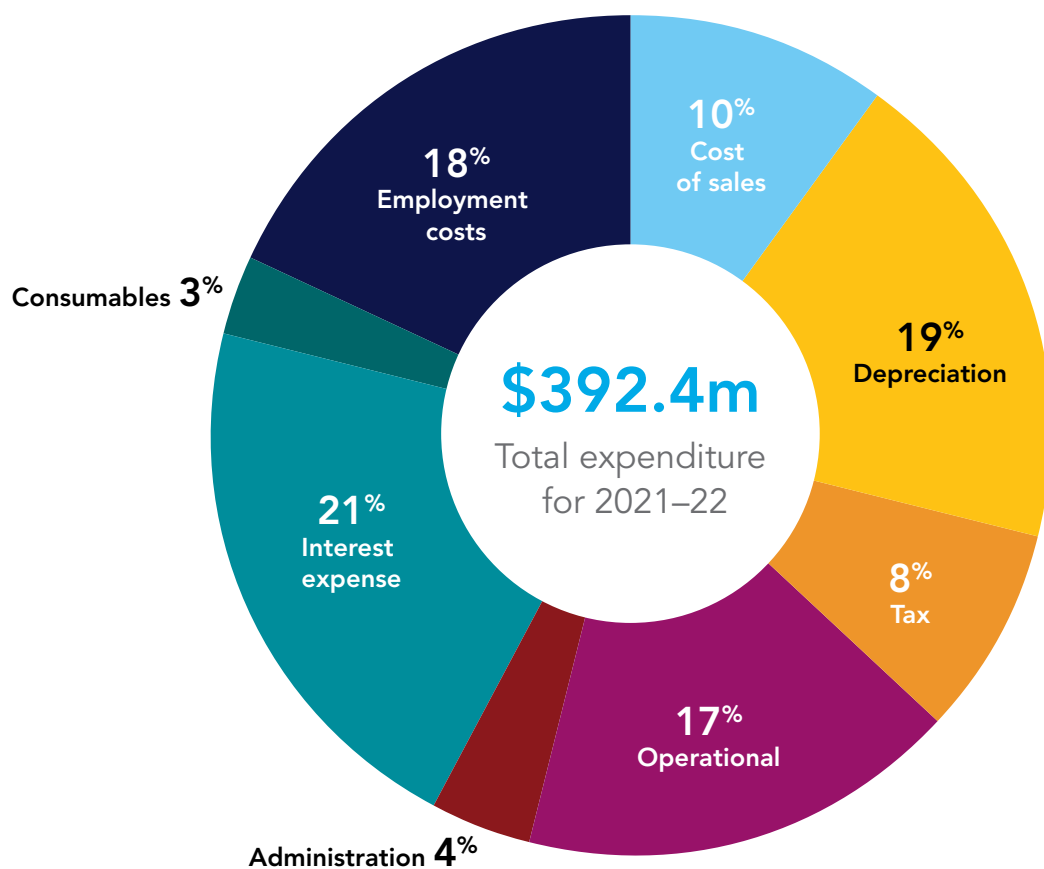


Comparison to 2020–21 Total Revenue

Total revenue of \$468.4m was \$69.4m higher than 2020–21. The main factor was a \$94.3m increase in joint venture income, primarily attributable to the effects of feed-in-tariff fluctuations. This was partially offset by a \$12.1m reduction in gifted asset receipts, which was driven by external developer activity varying year to year, and a \$6.2m decrease in water revenues arising from wetter than average weather conditions. The decrease of \$6.2m in other income is mainly attributable to the fair value increase on the Fyshwick investment property recorded in 2020–21.

Total Expenditure

During 2021-22 Icon Water incurred \$392.4m in expenditure. The components of this are depicted in the following graph:



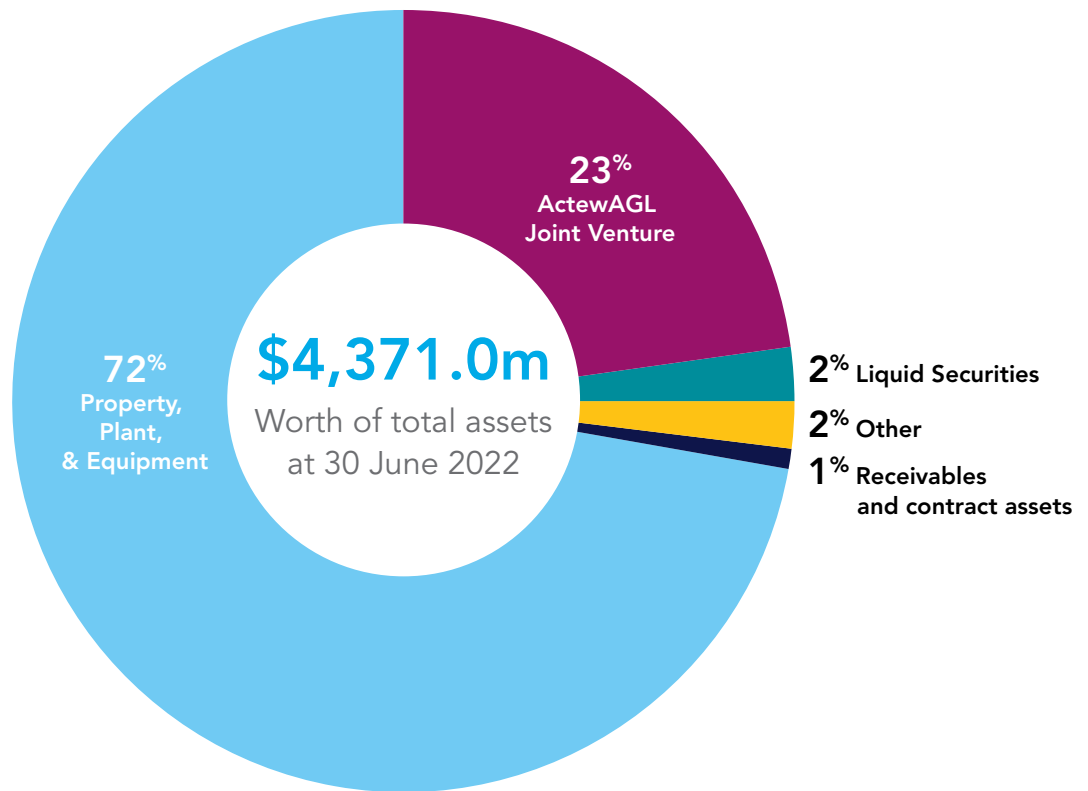
Comparison to 2020-21 Total Expenditure

Total expenditure was \$60.2m higher than 2020-21 mainly due to the following factors:

- Higher finance costs of \$25.8m due to the higher consumer price index which is linked to indexed bonds within the borrowings portfolio;
- Higher operational expenditure of \$29.3m primarily due to expenditure related to the corporate services sourcing strategy and implementation; lower capitalisation of labour partly due to COVID 19 restrictions impacting the delivery of the capital program; a combination of annual Enterprise Agreement wage increases and timing of recruitment activities; timing of expenditure related to the 2023-2028 Regulatory Price Review and higher depreciation, predominantly related to the impact of the prior year upward revaluation of infrastructure assets; and
- Higher income tax equivalents expense of \$5.1m resulting from the increase in profit compared to the prior year.

Assets

Icon Water has \$4,371.0m in assets at 30 June 2022. The components are as depicted in the following graph:

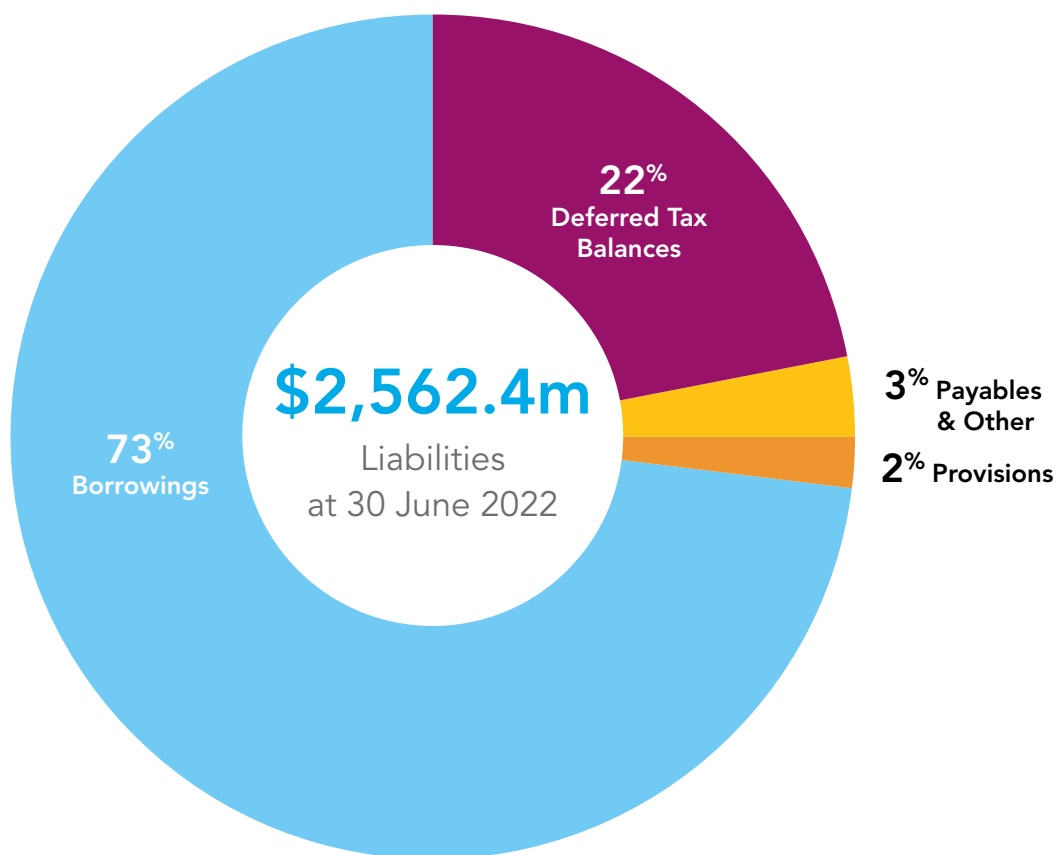


The major components are as follows:

- Property, plant and equipment totalling \$3,157.9m mainly consisting of Icon Water's water and sewerage infrastructure assets; and
- Investment of \$992.2m in the ActewAGL Joint Venture partnerships, consisting of two separate businesses, energy retail and distribution.

Liabilities

Icon Water has \$2,562.4m in liabilities. The components are as depicted in the following graph:



The major components are as follows:

- Outstanding borrowings at 30 June 2022 are \$1,854.7m, an increase of \$22.5m this year; and
- Deferred tax liability at 30 June 2022 of \$571.9m. This amount is mainly due to the tax effect of revaluation adjustments to the fair value of land and building assets, water and sewerage infrastructure assets and the infrastructure assets held within the investment in ActewAGL Joint Venture partnerships.

Payments to the ACT Government

Payments to the ACT Government during 2021–22 included a dividend of \$57.2m and income tax equivalent payments of \$13.6m.



**Icon Water Limited and
Controlled Entities**

ABN 86 069 381 960

ANNUAL REPORT

For the year ended
30 June 2022

Icon Water Limited and Controlled Entities

ABN 86 069 381 960

Annual Report for the year
ended 30 June 2022

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The financial statements are the consolidated financial statements for Icon Water Limited and its controlled entities. A list of major subsidiaries is disclosed in Note 11. The financial statements are presented in Australian dollars (AUD).

Icon Water Limited is a company limited by shares, incorporated and domiciled in Australia. Its principal registered office is:

Level 5, ActewAGL House
40 Bunda Street
Canberra ACT 2600

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on page 7, which does not form part of the financial statements.

The financial statements were authorised for issue on 31 August 2022. The directors have the power to amend and reissue the financial statements.

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 2022.

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 July 2013, Deputy Chair in March 2014, then Chair from March 2017. Ms Caird's appointment term was extended in March 2020 when she was reappointed 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 and to the boards of Icon Distribution Investments Limited and Icon Retail Investments Limited in March 2017. 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 October 2020 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

Term concluded 15 November 2021

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015 and was 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 until 30 June 2022, and held the role as Chair for the period 19 December 2018 until 2 October 2020. He was 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 30 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 35 years' experience working in strategic and statutory land use and infrastructure planning across all levels of government. She has worked in NSW local government, headed the Federal Government's Major Cities Unit, was Deputy Director-General of the Western Australian Department of Planning and Infrastructure, and a member of the WA Planning Commission. Ms Ekelund has held a number of urban planning roles in the ACT Government, including as 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 renewables. Ms Ekelund has also been the ACT member of the Murray-Darling Basin Officials Group.

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

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 Tasmanian Civil and Administrative Tribunal. 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 14 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 General Manager of Water for Beca Hunter H2O, a Director of the NSW Local Government Procurement Board, and a Director and President Elect for 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 and is an Adjunct Professor in Engineering at the University of Newcastle. He also lectured in Environmental Process Technologies for over 15 years.

Directors (continued)

Julie-Anne Schafer, Director

LLB (Hons), ANZIF, FAICD

Appointed 16 November 2021

Julie-Anne Schafer was appointed to the Icon Water Board in November 2021 and as a Director of Icon Retail Investments Limited and Icon Distribution Investments Limited on 15 December 2021. Ms Schafer is also a member of the Icon Water Remuneration Committee.

Ms Schafer has directorship experience in diverse and highly regulated sectors, including financial services, utilities, transport, member services and health.

Ms Schafer is currently a non-executive director of Urban Utilities and Chair of the Audit, Finance and Risk Committee and member of the Experience and Safety Committee for Urban Utilities. She is also a non-executive director of CS Energy, Chair of the Culture and Remuneration Committee and member of the Audit and Enterprise Risk Committee for CS Energy.

Ms Schafer is a non-executive member of the Office of the National Rail Safety Regulator and is a member

of the board of the Australian Reinsurance Pool Corporation. She is President of the National Competition Council.

Ms Schafer was previously a partner in Brisbane professional legal service firms, specialising in commercial and insurance matters. She is a former Deputy Chancellor of QUT, President of the Queensland Law Society, and Chair of Queensland's largest mutual.

She is a Fellow of the Australian Institute of Company Directors and has a Bachelor of Laws with Honours. She facilitates in Governance and the Practice of Directorship, Risk and Strategy in the Company Director Course, for the Australian Institute of Company Directors.

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 2022.

	Icon Water Board		Risk and Assurance Committee		Remuneration Committee	
	A	B	A	B	A	B
Managing Director						
Ray Hezkial	10	10	-	-	2	2
Non-Executive Directors						
Wendy Caird	10	10	-	-	2	2
Carol Lilley	10	10	5	5	2	2
Dr Thomas Parry AM	3	3	-	-	1	1
Brett Tucker	10	10	5	5	2	2
Dorte Ekelund	10	10	-	-	2	2
Dr Helen Locher	10	10	5	5	2	2
Peter Dennis	10	10	-	-	2	2
Julie-Anne Schafer	5	5	-	-	1	1

A = Number of meetings attended

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

Principal activities

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

	2022	2021
	\$'000	\$'000
Revenue from contracts with customers, other income and finance income	332,567	357,494
Share of net profit from ActewAGL partnerships	135,801	41,539
Total revenue and share of net profit from the ActewAGL partnerships	468,368	399,033
Profit before income tax equivalents expense	108,742	94,502
Income tax equivalents expense	(32,731)	(27,665)
Profit for the year	76,011	66,837
Payments to the ACT Government		
Interim dividend for current year profit	42,088	26,055
Final dividend for previous year profit	15,072	4,127
	57,160	30,182
Income tax equivalents payments	13,636	17,135
Total payments to the ACT Government	70,796	47,317

Dividends

Since the end of the financial year, the directors have declared a final dividend of \$20.4 million to be paid from retained profits as at 30 June 2022.

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 2022.

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

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

Regulation and licence compliance

Licence 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 (ACT)* on 29 June 2001 (Licence). This Licence was varied under section 38 of the *Utilities Act 2000 (ACT)* on 1 March 2021 to reflect the current regulatory framework. The Licence requires Icon Water to comply with all applicable laws and the *Utilities Act 2000 (ACT)* (including any regulations, industry codes, technical codes and directions under this Act). Icon Water reports on its compliance with the Licence to the ICRC each year. During the year ending 30 June 2022, Icon Water reported:

- no material breaches of any applicable law or the Licence;
- Four non-compliances with clause 6.2 of the Licence, three relating to the *Utilities (Consumer Protection Code) Determination 2020 (ACT)* and one relating to the *Utilities Act 2000 (ACT)*. These non-compliances related to not responding to billing complaints within the required timeframe, not paying rebates to customers for service performance not met in 2020-21 and disclosing personal information to the wrong recipient.

Environmental Regulations

Icon Water has assessed that there are two key environmental approvals relevant to operational compliance performance. In accordance with the *Environment Protection Act 1997 (ACT)*, Icon Water is subject to an 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	
	2021-22	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 for both operational and project activities that require compliance. During the financial year, Icon Water materially complied with all requirements in respect to these licences and associated legislation. There were instances where there were delays in relation to sampling and notifications which did not result in infringement notices or fines.

Licence to Take Water

Issued by the ACT Environment Protection Authority (EPA) under the *Water Resources Act 2007 (ACT)*, 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 2020-21 annual report to the EPA on 29 October 2021. Icon Water complied with the requirements of the licence throughout 2021-22. 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 (ACT)*. Icon Water provided water in accordance with the *Australian Drinking Water Guidelines 2011* and provided notification reports to the ACT Health Directorate throughout 2021-22. Icon Water complied with the requirements of the licence throughout 2021-22.

Insurance of officers and directors

During the year, Icon Water paid a premium of \$311,667 (30 June 2021: \$207,143) 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 2021-22 financial year.

Indemnity of officers and directors

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

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

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

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

Rounding of amounts

Icon Water 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.



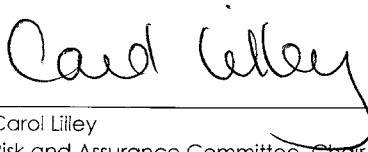
Wendy Caird
Chair

Canberra
31 August 2022



Ray Hezkial
Managing Director

Canberra
31 August 2022



Carol Lilley
Risk and Assurance Committee, Chair

Canberra
31 August 2022

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 2022 which comprises the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, directors' declaration and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report:

- (i) presents fairly, in all material respects, the Group's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended; and
- (ii) Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

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 Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001*;
- 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 skepticism 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 controls;
- 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
ACT Auditor-General
2 September 2022

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

In relation to the audit of the financial report of Icon Water Limited for the year ended 30 June 2022, 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.

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



Michael Harris
ACT Auditor-General
2 September 2022

Consolidated statement of profit or loss and other comprehensive income

	Note	2022 \$'000	2021 \$'000
Revenue from contracts with customers	3a	329,264	348,148
Cost of providing goods and services	4b	(276,803)	(247,107)
Other income	4a	2,952	9,128
Operating profit		55,413	110,169
Finance income	4c	351	218
Finance costs	4c	(82,823)	(56,988)
Net finance costs		(82,472)	(56,770)
Impairment loss		-	(436)
Share of net profit of joint venture partnerships accounted for using the equity method	8c	135,801	41,539
Profit before income tax equivalents expense		108,742	94,502
Income tax equivalents expense	5a	(32,731)	(27,665)
Profit for the year		76,011	66,837
Other comprehensive income			
Revaluation of plant and equipment assets in the ActewAGL investment	8c	(25,563)	(86,616)
Property, plant and equipment revaluation increment	8d	411,016	84,272
Income tax relating to components of other comprehensive income	5a	(115,636)	703
Items that will not be reclassified subsequently to profit or loss	9b	269,817	(1,641)
Total comprehensive income for the year		345,828	65,196
Total comprehensive income is attributable to:			
Owners of Icon Water Limited and Controlled Entities		345,828	65,196

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	2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7a	89,944	80,122
Trade and other receivables	7b	34,148	35,546
Contract assets	3b	19,730	21,477
Prepayments	8a	5,872	5,342
Inventories	8b	4,819	4,337
Current tax receivable		-	4,249
Total current assets		154,513	151,073
Non-current assets			
Other receivables	7b	-	140
Prepayments	8a	4,649	5,317
Investments accounted for using the equity method	8c	992,182	967,944
Property, plant and equipment	8d	3,157,907	2,726,527
Right-of-use assets	8e	5,050	7,424
Investment property	8f	18,750	18,750
Intangible assets	8g	37,973	43,264
Total non-current assets		4,216,511	3,769,366
Total assets		4,371,024	3,920,439
LIABILITIES			
Current liabilities			
Trade and other payables	7c	52,695	51,496
Contract liabilities	3b	9,412	9,216
Lease liabilities	8e	2,493	2,822
Provisions	8h	44,873	38,429
Current tax payable		3,734	-
Total current liabilities		113,207	101,963
Non-current liabilities			
Borrowings	7d	1,854,670	1,832,198
Lease liabilities	8e	2,546	4,646
Provisions	8h	13,006	8,154
Contract liabilities	3b	7,038	3,021
Deferred tax balances	8i	571,935	445,185
Total non-current liabilities		2,449,195	2,293,204
Total liabilities		2,562,402	2,395,167
Net assets		1,808,622	1,525,272
EQUITY			
Share capital	9a	758,871	758,871
Reserves	9b	788,944	519,127
Retained profits		260,807	247,274
Total equity		1,808,622	1,525,272

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

Consolidated statement of cash flows

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		328,290	331,790
Payments to suppliers and employees (inclusive of GST)		(200,039)	(177,316)
		128,251	154,474
Interest received		307	223
Income tax equivalents paid		(13,636)	(17,135)
Interest paid		(82,906)	(58,333)
Net cash inflow from operating activities		32,016	79,229
Cash flows from investing activities			
Payments for property, plant and equipment		(66,102)	(88,429)
Payments for intangible assets		(2,433)	(4,357)
Proceeds from sale of assets		62	34
Distributions received from joint venture partnership	8c	86,000	30,750
Net cash inflow/(outflow) from investing activities		17,527	(62,002)
Cash flows from financing activities			
Proceeds from borrowings		20,267	49,834
Repayment of borrowings		-	(2,543)
Dividends paid	6	(57,160)	(30,182)
Payment of lease liabilities		(2,828)	(3,250)
Net cash (outflow)/inflow from financing activities		(39,721)	13,859
Net increase in cash and cash equivalents		9,822	31,086
Cash and cash equivalents at the beginning of the financial year		80,122	49,036
Cash and cash equivalents at end of the financial year	7a	89,944	80,122

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

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

Consolidated statement of changes in equity

	Note	Attributable to the owners of Icon Water Limited and Controlled Entities			Total equity \$'000
		Share capital \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	
Balance at 1 July 2020		758,871	520,768	221,564	1,501,203
Profit for the year		-	-	66,837	66,837
Other comprehensive income		-	(1,641)	-	(1,641)
Total comprehensive income for the year		-	(1,641)	66,837	65,196
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	6	-	-	(41,127)	(41,127)
Balance at 30 June 2021		758,871	519,127	247,274	1,525,272
Balance at 1 July 2021		758,871	519,127	247,274	1,525,272
Profit for the year		-	-	76,011	76,011
Other comprehensive income		-	269,817	-	269,817
Total comprehensive income for the year		-	269,817	76,011	345,828
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	6	-	-	(62,478)	(62,478)
Balance at 30 June 2022		758,871	788,944	260,807	1,808,622

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.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Icon Water Group is a for-profit entity for the purpose of preparing the financial statements.

(i) *Compliance with Australian Accounting Standards – Simplified Disclosure Requirements*

The consolidated financial statements of the Group comply with Australian Accounting Standards – Simplified Disclosures 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 applied the following standard for the first time for the financial reporting period commencing 1 July 2021:

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The application of this Standard did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect current or future periods.

(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 2022. 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 \$25.6 million within the Asset revaluation reserve. Refer to note 8c for further information.

On 4 August 2022, the ACT Government announced its long-term strategy to commence transition away from fossil-fuel gas to renewable energy opportunities over the next 20 years. Therefore under current policy settings, the gas distribution network is expected to remain an important energy source in the ACT region for the next 10-15 years and will remain economically viable until at least the mid-2030s. The current five-year regulatory period for the gas distribution network will expire on 30 June 2026 at which time the Australian Energy Regulator will make the subsequent five-year price determination. It is anticipated that this will assist with providing an informed view on the future and value of gas assets beyond this period.

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 sewage 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 ¹ \$'000	Unallocated \$'000	Consolidated \$'000
Year ended 30 June 2022					
Consolidated statement of profit or loss and other comprehensive income					
Sales to external customers including share of net profit of joint venture partnerships	171,589	131,069	135,801	-	438,459
Other revenue	1,480	1,472	-	351	3,303
Commonwealth subvention revenue	1,313	11,819	-	-	13,132
Gifted assets revenue	8,085	5,389	-	-	13,474
Total segment revenue	182,467	149,749	135,801	351	468,368
Interest expense	10,688	13,621	58,514	-	82,823
Segment result before income tax equivalents expense	13,988	17,827	76,576	351	108,742
Income tax equivalents expense					32,731
Profit for the year					76,011
Consolidated balance sheet					
Segment assets	1,999,202	1,284,380	997,434	90,008	4,371,024
Segment liabilities	524,227	586,119	1,452,056	-	2,562,402
Other					
Acquisition of property, plant and equipment (including gifted assets)	32,374	47,826	-	-	80,200
Acquisition of intangible assets	1,187	1,186	-	-	2,373
Depreciation and amortisation	43,415	30,233	-	-	73,648

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

2. Segment information (continued)

Year ended 30 June 2021	Water \$'000	Sewerage \$'000	Investments ¹ \$'000	Unallocated \$'000	Consolidated \$'000
Consolidated statement of profit or loss and other comprehensive income					
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
Total segment revenue	195,670	161,606	41,539	218	399,033
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
Profit for the year					66,837
Consolidated balance sheet					
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
Other					
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

Accounting policy

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to a segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of receivables, property, plant and equipment, and other assets, net of related allowances.

While most of these assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by segments are allocated based on a reasonable estimate of usage. Segment liabilities consist primarily of trade and other payables and employee benefits.

Operating cash, borrowings, interest expense and interest revenue have not been allocated to segments, as this type of activity is managed by a central treasury function, which manages the cash position of the Group.

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

3. Revenue from contracts with customers

a) Revenue from contracts with customers

	2022 \$'000	2021 \$'000
Revenue recognised over time		
Water revenue	169,484	175,702
Sewerage revenue	130,066	131,017
Commonwealth subvention revenue	13,132	12,900
	312,682	319,619
Revenue recognised at a point in time		
Gifted assets revenue	13,474	25,563
Other water related revenue	2,394	2,192
Other sewerage related revenue	714	774
	16,582	28,529
Total revenue from contracts with customers	329,264	348,148

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 2022 accrual amount was \$15.7 million (30 June 2021: \$16.4 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:

	2022 \$'000	2021 \$'000
Current assets		
Net trade receivables (Refer note 7(b))	22,941	24,577
Total net trade receivables	22,941	24,577
Current assets		
Accrued revenue relating to water supply contracts	18,250	18,884
Other accrued revenue (i)	1,480	2,593
Total contract assets	19,730	21,477
Current liabilities		
Revenue received in advance relating to water and sewerage supply contracts	9,412	9,216
Total current contract liabilities	9,412	9,216
Non-current liabilities		
Revenue received in advance relating to water and sewerage capital contributions	7,038	3,021
Total non-current contract liabilities	7,038	3,021

(i) Other accrued revenue primarily consists of accrued community service obligations revenue for the June quarter of \$1.3 million (30 June 2021: Other accrued revenue consisted of both community service obligations revenue and reimbursement of COVID-19 rebates applied to customer accounts for the June quarter of \$2.6 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

	2022	2021
	\$'000	\$'000
Increase in fair value of investment property	-	6,750
Rental income from investment property	2,131	2,017
Other income	821	361
Total other income	2,952	9,128

b) Breakdown of expenses by nature

	2022	2021
	\$'000	\$'000
Operational costs	106,112	92,981
Employment and associated costs	72,657	63,132
Depreciation and amortisation expense	73,648	69,897
Consumables used	10,535	9,821
Other expenses	13,851	11,276
Cost of providing goods and services	276,803	247,107

c) Finance income and costs

	2022	2021
	\$'000	\$'000
Finance income		
Interest from financial assets not at fair value through profit or loss	351	218
Finance income	351	218
Finance costs		
Interest and finance charges paid/payable financial liabilities not at fair value through profit or loss	85,509	59,755
Interest and finance charges paid/payable for lease liabilities	249	344
Provisions: unwinding of discount	35	32
	85,793	60,131
Amount capitalised	(2,970)	(3,143)
Finance costs expensed	82,823	56,988
Net finance costs	82,472	56,770

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 \$0.4 million (30 June 2021: \$0.2 million).

Finance costs

Borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that take a substantial period of time (greater than 12 months) to get ready for their intended use. Icon Water typically has qualifying assets at any given period as part of its capital expenditure program. Other borrowing costs are expensed.

5. Income tax equivalents expense

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

Income tax equivalents expense	2022	2021
	\$'000	\$'000
Current tax		
Income tax equivalents expense recognised in the current year	24,004	18,802
Adjustment to prior year (i)	(2,385)	(2,764)
	21,619	16,038
Deferred tax		
Deferred tax equivalents expense recognised in the current year	8,807	8,187
Adjustments to deferred tax for prior periods (i)	2,305	3,440
	11,112	11,627
Income tax equivalents expense	32,731	27,665
Current tax – credited directly to equity	115,636	(703)
	148,367	26,962

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

	2022	2021
	\$'000	\$'000
Profit from continuing operations before income tax expense	108,742	94,502
Tax at the Australian tax rate of 30% (2020-21: 30%)	32,622	28,351
Other items:		
– Intercompany dividends	(144)	(144)
– Non-deductible expenses	176	177
– Share of joint venture profits and ActewAGL partnerships share of profits	157	88
– Adjustments for income tax equivalents expense of prior periods (i)	(79)	(806)
– Other	(1)	(1)
Income tax equivalents expense	32,731	27,665

- (i) Adjustments to prior year for the current period relates to differences between the 2020-21 financial statements and the 2020-21 income tax return.

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

	2022	2021
	\$'000	\$'000
Dividends payable at the beginning of the financial year	15,072	4,127
Amount appropriated from operating profit	62,478	41,127
	77,550	45,254
Amount paid during the year	(57,160)	(30,182)
Dividends payable at the end of the financial year	20,390	15,072

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

	2022 \$'000	2021 \$'000
Current assets		
Cash at bank and on hand	49,944	40,122
Short-term deposits	40,000	40,000
Total cash and cash equivalents	89,944	80,122

Accounting policy

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

b) Trade and other receivables

	2022 \$'000	2021 \$'000
Current assets		
Water revenue receivables	13,409	12,851
Sewerage revenue receivables	10,015	11,396
Other trade receivables (i)	318	1,188
Allowance for impairment of receivables	(801)	(858)
Net trade receivables	22,941	24,577
Other receivables (ii)	5,954	5,658
Employee entitlement receivable – related parties	5,253	5,311
Total trade and other receivables	34,148	35,546
Non-current assets		
Other receivables	-	140
	-	140

- (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 \$2.6 million as at 30 June 2022 (30 June 2021: \$3.5 million).

7. Financial assets and liabilities (continued)

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.

c) Trade and other payables

	2022	2021
	\$'000	\$'000
Current liabilities		
Trade payables	9,333	11,267
Other payables and accruals	43,362	40,229
Total trade and other payables	52,695	51,496

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

	2022 \$'000	2021 \$'000
Non-current liabilities		
Unsecured loans	1,854,670	1,832,198
	1,854,670	1,832,198
Total borrowings	1,854,670	1,832,198

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)	Issue yield (%)	Balance (\$m)
MTN	22 May 2014	22 May 2024	2	4.22	\$99.6
MTN	23 May 2016	21 May 2026	4	2.67	\$124.3
MTN	18 April 2018	18 April 2028	6	3.25	\$473.7
MTN	17 May 2021	17 May 2030	8	1.81	\$49.8
CIB	17 June 2010	17 June 2030	8	3.72	\$316.7
MTN	23 October 2019	23 October 2031	9	1.87	\$376.4
IAB	12 June 2008	12 June 2048	26	2.42	\$309.8
IAB	12 June 2009	12 June 2048	26	3.94	\$104.4
				Total	\$1,854.7

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

	2022 \$'000	2021 \$'000
Current assets		
Prepayments	5,872	5,342
	5,872	5,342
Non-current assets		
Prepayments (i)	4,649	5,317
	4,649	5,317

(i) This includes \$3.3 million for carbon credits and \$0.7 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

	2022 \$'000	2021 \$'000
Current assets		
Finished goods	4,819	4,337
Total inventories	4,819	4,337

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

The cost of consumables used and recognised as an expense during the year was \$10.5 million (30 June 2021: \$9.8 million).

Accounting policy

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

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

8. Non-financial assets and liabilities (continued)

c) Investments accounted for using the equity method

	2022 \$'000	2021 \$'000
Non-current assets		
Interest in joint venture partnerships	992,182	967,944
Total investments accounted for using the equity method	992,182	967,944

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

	2022 \$'000	2021 \$'000
Carrying amount at the beginning of the financial year	967,944	1,043,771
Share of results	135,801	41,539
Distributions received from the ActewAGL joint venture partnerships	(86,000)	(30,750)
Revaluation of plant and equipment assets in the ActewAGL Distribution Partnership	(25,563)	(86,616)
Carrying amount at the end of the financial year	992,182	967,944

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 combined electricity and gas distribution network assets 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 5.10%.

The discounted cash flow method is highly sensitive to variations in the nominal discount rate when revaluing the assets in the investment in ActewAGL Distribution Partnership. A revision to key inputs such as the discount rate and the Regulated Asset Base (RAB) multiple was made when determining fair value as at 30 June 2022 to adopt a more market-based methodology.

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 2022 resulted in a \$25.6 million decrement adjustment being required (30 June 2021: \$86.6 million decrement). 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
At 1 July 2021						
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)
Net book amount	1,642,040	1,020,215	24,491	33,534	6,247	2,726,527
Year ended 30 June 2022						
Opening net book amount	1,642,040	1,020,215	24,491	33,534	6,247	2,726,527
Additions	13,515	47,826	-	95	2,567	64,003
Depreciation charge	(36,555)	(23,374)	(121)	(663)	(2,015)	(62,728)
Gifted assets	2,743	13,454	-	-	-	16,197
Revaluation	270,994	133,824	5,412	786	-	411,016
Transfers ¹	4	3,883	(3,512)	-	(375)	-
Borrowing costs	707	2,171	-	14	-	2,892
Closing net book amount	1,893,448	1,197,999	26,270	33,766	6,424	3,157,907
As at 30 June 2022						
Cost or fair value	1,950,748	1,251,307	26,273	33,828	17,213	3,279,369
Accumulated depreciation	(57,300)	(53,308)	(3)	(62)	(10,789)	(121,462)
Net book amount	1,893,448	1,197,999	26,270	33,766	6,424	3,157,907

¹ This includes transfers between property, plant and equipment categories.

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 2022.

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.

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 (RAB) 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 2023 with reference to methodologies applied by the ICRC
- the market equivalent post-tax nominal discount rate used is 5.00%.

The discounted cash flow method is highly sensitive to variations in the nominal discount rate. A revision to key inputs such as the discount rate and the RAB multiple was made when determining fair value as at 30 June to adopt a more market-based methodology.

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.

8. Non-financial assets and liabilities (continued)

d) Property, plant and equipment (continued)

Critical Accounting Estimate (continued)

The valuation exercise for the year ending 30 June 2022, combined with the qualitative assessment, resulted in a \$271.0 million increment adjustment being required for water infrastructure assets (30 June 2021: \$86.0 million increment) and a \$133.8 million increment adjustment being required for sewerage infrastructure assets (30 June 2021: \$3.8 million decrement). 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:

	2022 \$'000	2021 \$'000
Right-of-use assets		
Building	1,860	2,630
Vehicles	992	1,346
Equipment	2,198	3,448
Total right-of-use assets	5,050	7,424
Lease liabilities		
Current	2,493	2,822
Non-current	2,546	4,646
Total lease liabilities	5,039	7,468

Future undiscounted lease payments in relation to lease liabilities as at 30 June are as follows:

	2022 \$'000	2021 \$'000
Within one year	2,514	3,042
Later than one year but not later than five years	2,680	4,804
Later than five years	20	75
	5,214	7,921

Additions to the right-of-use assets during the year were \$0.3 million (30 June 2021: \$0.8 million).

ii) Depreciation of right-of-use assets recognised in the consolidated statement of profit or loss:

	2022 \$'000	2021 \$'000
Depreciation - right-of-use assets		
Buildings	770	770
Vehicles	668	779
Equipment	1,270	1,412
	2,708	2,961

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 2021	18,750
Fair value adjustment to investment property	-
Closing balance at 30 June 2022	18,750

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. The valuation assessment undertaken as at 30 June 2022 indicated no change in fair value.

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 \$2.1 million. Icon Water did not receive any variable lease income that is not dependent 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
Within one year	1,948

8. Non-financial assets and liabilities (continued)

g) Intangible assets

	Computer software \$'000	Carbon credits \$'000	Total \$'000
At 1 July 2021			
Cost or fair value	64,909	1,154	66,063
Accumulated amortisation and impairment	(22,180)	(619)	(22,799)
Net book amount	42,729	535	43,264
Year ended 30 June 2022			
Opening net book amount	42,729	535	43,264
Additions	2,373	-	2,373
Amortisation charge	(8,212)	-	(8,212)
Revaluation	-	470	470
Transfer from property, plant and equipment	-	-	-
Borrowing costs capitalised	78	-	78
Closing net book amount	36,968	1,005	37,973
At 30 June 2022			
Cost or fair value	67,360	1,624	68,984
Accumulated amortisation and impairment	(30,392)	(619)	(31,011)
Net book amount	36,968	1,005	37,973

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Employee entitlements	18,071	16,693	1,679	1,556
Employee entitlements – seconded employees	5,253	5,311	-	-
Provision for dividend (refer to note 6)	20,390	15,072	-	-
Other employee related provisions	683	785	510	633
Workers' compensation provisions	183	200	3,090	4,461
Provision for make good restoration	293	368	1,540	1,504
Provision for service agreement expiry	-	-	6,187	-
	44,873	38,429	13,006	8,154

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 ¹ \$'000	Make good restoration \$'000	Service agreement expiry ² \$'000	Total \$'000
Balance at 1 July 2021	1,418	4,661	1,872	-	7,951
Additional provision recognised in the year	1,284	187	136	6,187	7,794
Credited to profit or loss	-	(538)	-	-	(538)
Used during the year	(1,509)	(1,037)	(210)	-	(2,756)
Unwinding of discount	-	-	35	-	35
Carrying amount at 30 June 2022	1,193	3,273	1,833	6,187	12,486

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.

¹ Includes pre-1989 workers' compensation provisions.

² Estimation of costs payable to the ActewAGL Distribution Partnership in relation to the termination of the Corporate Services Agreement post 30 June 2023.

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

	2022	2021
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Depreciation	235,979	226,674
Asset revaluation	285,890	170,254
Share of deferred taxes from the ActewAGL Partnerships	50,628	49,114
Employee entitlements	2,306	2,306
Joint venture receivable – employee entitlements	(7,713)	(6,134)
Adjustment to prior year tax	10,236	7,930
Other	(5,391)	(4,959)
Net deferred tax liability	571,935	445,185

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 ¹ \$'000	Other \$'000	Total \$'000
At 1 July 2020	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)
At 30 June 2021	226,674	170,254	49,114	2,306	(6,134)	7,930	(4,959)	445,185
At 1 July 2021	226,674	170,254	49,114	2,306	(6,134)	7,930	(4,959)	445,185
Charged/(credited):								
– profit or loss	9,305	-	1,514	-	(1,579)	2,306	(432)	11,114
– directly to equity (note 5)	-	115,636	-	-	-	-	-	115,636
At 30 June 2022	235,979	285,890	50,628	2,306	(7,713)	10,236	(5,391)	571,935

Accounting policy

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

9. Equity

a) Share capital

Movements in fully paid authorised shares:

	Number of shares	Total \$'000
Balance as at 1 July 2021	2	758,871
Balance as at 30 June 2022	2	758,871

Icon Water Limited does not have a limited amount of 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 2022 and 30 June 2021 were as follows:

	2022 \$'000	2021 \$'000
Total debt (note 7d)	1,854,670	1,832,198
Total equity	1,808,622	1,525,272
	3,663,292	3,357,470
Gearing ratio	50.6%	54.6%

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

b) Reserves

	2022 \$'000	2021 \$'000
Asset revaluation reserve	788,944	519,127
Total reserves	788,944	519,127

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

	2022 \$'000	2021 \$'000
Balance the beginning of the financial year	519,127	520,768
<i>Revaluation – net of tax</i>		
Investment in ActewAGL partnerships (Plant and equipment)	(17,894)	(60,631)
Property, plant and equipment	287,711	58,990
Balance at the end of the financial year	788,944	519,127

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:

	2022	2021
	\$	\$
Fees for the audit and review of the financial reports of the Icon Water Group	345,733	274,045
Total remuneration of auditors	345,733	274,045

No other services were provided by the ACT Audit Office to the Icon Water Group during the year ended 30 June 2022.

Group structure

11. Investment in controlled entities

a) Significant investments in subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2022 %	2021 %
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 2022 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:

	2022 \$'000	2021 \$'000
Share of ActewAGL Partnership's commitments		
Capital commitments	28,266	6,355
	28,266	6,355

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 2022 (30 June 2021: nil).

Bank guarantees

During the year ended 30 June 2022, the ActewAGL partnerships provided a new bank guarantee pertaining to the proposed construction of capital works within the ACT. The Group's share amounts to \$0.4 million. An existing bank guarantee for security deposits in relation to a lease agreement was cancelled during the year (30 June 2021: The Group's share was \$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:

	2022	2021
	\$'000	\$'000
Balance sheet		
Current assets	283,409	185,200
Total assets	4,151,640	3,674,383
Current liabilities	120,257	104,908
Total liabilities	2,458,830	2,282,333
Net assets	1,692,810	1,392,050
Share capital	758,872	758,872
Reserves		
Asset revaluation reserve	658,763	371,054
Retained profits	275,175	262,124
Total equity	1,692,810	1,392,050
Profit for the year	75,529	66,358
Total comprehensive income	363,239	125,349

b) Guarantees entered into by the parent entity

The parent entity bank guarantees at 30 June 2022 are nil (30 June 2021: nil).

c) Contingent liabilities of the parent entity

The parent entity contingent liabilities at 30 June 2022 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 2022 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

	2022	2021
	\$'000	\$'000
Capital expenditure commitments	60,503	41,461
Other expenditure commitments (i)	86,807	72,734

- (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 2022 were:

Name	Position
Non-Executive Directors	
Wendy Caird	Independent Non-Executive Director, Chair
Carol Lilley	Independent Non-Executive Director, Deputy Chair
Dr Thomas Parry AM	Independent Non-Executive Director (term concluded 15 November 2021)
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
Julie-Anne Schafer	Independent Non-Executive Director (appointed 16 November 2021)
Senior Executives	
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
Dr Tony Pollock	Chief Technology Officer

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

Key management personnel compensation

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

	2022 \$'000	2021 \$'000
Short-term employee benefits	2,613	2,492
Post-employment benefits	212	201
Other long-term benefits	54	44
Total benefits	2,879	2,737

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.

	Short-term employee benefits		Non-monetary benefits	Post-employment benefits		Other long-term benefits	Total remuneration
	Salary & fees	\$		Superannuation ⁽⁴⁾	\$		
Senior Executive KMP		\$		\$			\$
Ray Hezkial ⁽¹⁾	2021-22	569,460	5,908	27,654	16,538	619,560	
	2020-21	525,331	6,555	25,096	16,201	573,183	
Davina McCormick ⁽¹⁾	2021-22	326,381	2,939	27,606	5,650	362,576	
	2020-21	299,885	3,382	29,740	4,741	337,748	
Joy Yau	2021-22	345,018	3,733	27,606	9,824	386,181	
	2020-21	336,857	4,069	25,144	9,799	375,869	
Gerard Brierley	2021-22	337,747	3,016	27,606	5,835	374,204	
	2020-21	322,416	3,393	25,144	4,966	355,919	
Alison Pratt ⁽²⁾	2021-22	311,419	3,406	27,606	8,788	351,219	
	2020-21	319,152	3,919	25,144	8,663	356,878	
Dr Tony Pollock ⁽³⁾	2021-22	346,144	3,132	27,606	7,298	384,180	
	2020-21	314,112	3,041	25,529	-	342,682	
Total Senior Executive KMP	2021-22	2,236,169	22,134	165,684	53,933	2,477,920	
	2020-21	2,117,753	24,359	155,797	44,370	2,342,279	

(1) 2020-21: Ray Hezkial and Davina McCormick utilised their excess recreation leave balances during this financial year which have been offset from their salary and fees payment.

(2) 2021-22: Alison Pratt utilised her excess recreation leave balance during this financial year which has been offset from her salary and fees payment.

(3) 2020-21: Dr 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.

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	
		\$	\$	\$	\$
Non-Executive Directors					
Wendy Caird <i>Chair</i>	2021-22	82,183	550	10,684	93,417
	2020-21	81,137	550	10,548	92,235
Carol Lilley <i>Deputy Chair</i>	2021-22	65,779	550	8,551	74,880
	2020-21	64,911	-	8,438	73,349
Dr Thomas Parry AM ⁽¹⁾	2021-22	15,220	-	1,979	17,199
	2020-21	40,536	-	5,270	45,806
Brett Tucker	2021-22	41,080	550	5,340	46,970
	2020-21	40,536	550	5,270	46,356
Dorte Ekelund	2021-22	41,080	-	5,340	46,420
	2020-21	40,536	-	5,270	45,806
Dr Helen Locher	2021-22	41,080	-	5,340	46,420
	2020-21	40,536	-	5,270	45,806
Peter Dennis	2021-22	41,080	-	5,340	46,420
	2020-21	40,536	-	5,270	45,806
Julie-Anne Schafer ⁽²⁾	2021-22	25,825	-	3,357	29,182
	2020-21	-	-	-	-
Total Non-Executive Director KMP	2021-22	353,327	1,650	45,931	400,908
	2020-21	348,728	1,100	45,336	395,164

(1) Dr Thomas Parry ceased holding office of director on 15 November 2021.

(2) Julie-Anne Schafer commenced as a director on 16 November 2021.

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 2021: 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:

	2022 \$	2021 \$
Wholly-owned controlled entities		
Dividend revenue	94,550,734	29,307,825
Income tax equivalents expense to the ACT Government	32,731,420	27,664,122
Aggregate amounts receivable from and payable to entities in the wholly-owned groups at balance date were as follows:		
– Current receivables (tax funding agreement)	34,344,964	4,819,251
– Current receivables (other)	94,550,734	29,307,825
– Current payables and other	20,390,319	15,071,817
– Non-interest bearing loans	669,208,494	686,621,946

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:

	2022 \$	2021 \$
Purchase and sale of goods and services:		
– Purchase of goods and services	35,106,225	39,901,318
– Sale of goods and services	13,649,322	18,171,531
Aggregate amounts receivable from and payable to joint venture partnerships at balance date:		
– Current receivables	8,566,555	9,981,833
– Current accounts payables and other	5,968,642	2,784,888

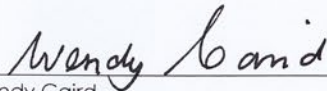
Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 57 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards – General Purpose Financial Statements – Simplified Disclosures, 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 2022 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable (refer to note 1a).

The financial statements were authorised for issue by the directors on 31 August 2022. The directors have the power to amend and reissue the financial statements.

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



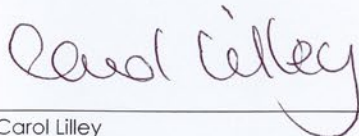
Wendy Caird
Chair

Canberra
31 August 2022



Ray Hezkial
Managing Director

Canberra
31 August 2022



Carol Lilley
Risk and Assurance Committee, Chair

Canberra
31 August 2022



Icon Distribution
Investments Limited

ABN 83 073 025 224

ANNUAL
REPORT

For the year ended
30 June 2022

Icon Distribution Investments Limited

ABN 83 073 025 224

Annual Report for the year ended 30 June 2022

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The financial statements are for Icon Distribution Investments Limited (Icon Distribution) as an individual entity. The financial statements are presented in Australian dollars (AUD).

Icon Distribution Investments Limited is a company limited by shares, incorporated and domiciled in Australia. Its principal registered office is:

Level 5, ActewAGL House
40 Bunda Street
Canberra ACT 2600

A description of the nature of the entity's operations and its principal activities is included in the Directors' report on page 6, which does not form part of the financial statements.

The financial statements were authorised for issue on 31 August 2022. The directors have the power to amend and reissue the financial statements.

Directors' Report

The directors present the financial report of Icon Distribution Investments Limited (Icon Distribution) for the year ended 30 June 2022.

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 July 2013, Deputy Chair in March 2014, then Chair from March 2017. Ms Caird's appointment term was extended in March 2020 when she was reappointed 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 and to the boards of Icon Distribution Investments Limited and Icon Retail Investments Limited in March 2017. 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 October 2020 due to her specialist financial expertise and extensive knowledge of Icon Water's business.

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 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.

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

BEd (Hons), MEd, PhD

Term concluded 15 November 2021

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015 and was 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 until 30 June 2022, and held the role as Chair for the period 19 December 2018 until 2 October 2020. He was also 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 30 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 35 years' experience working in strategic and statutory land use and infrastructure planning across all levels of government. She has worked in NSW local government, headed the Federal Government's Major Cities Unit, was Deputy Director-General of the Western Australian Department of Planning and Infrastructure, and a member of the WA Planning Commission. Ms Ekelund has held a number of urban planning roles

in the ACT Government, including as 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 renewables. Ms Ekelund has also been the ACT member of the Murray-Darling Basin Officials Group.

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

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 Tasmanian Civil and Administrative Tribunal. 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 14 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 General Manager of Water for Beca Hunter H2O, a Director of the NSW Local Government Procurement Board, and a Director and President Elect for 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 and is an Adjunct Professor in Engineering at the University of Newcastle. He also lectured in Environmental Process Technologies for over 15 years.

Directors (continued)

Julie-Anne Schafer, Director

LLB (Hons), FAICD, ANZIIIF
Appointed 15 December 2021

Julie-Anne Schafer was appointed to the Icon Water Board in November 2021 and as a Director of Icon Retail Investments Limited and Icon Distribution Investments Limited on 15 December 2021. Ms Schafer is also a member of the Icon Water Remuneration Committee.

Ms Schafer has directorship experience in diverse and highly regulated sectors, including financial services, utilities, transport, member services and health.

Ms Schafer is currently a non-executive director of Urban Utilities and Chair of the Audit, Finance and Risk Committee and member of the Experience and Safety Committee for Urban Utilities. She is also a non-executive director of CS Energy, Chair of the Culture and Remuneration Committee and member of the Audit and Enterprise Risk Committee for CS Energy.

Ms Schafer is a non-executive member of the Office of the National Rail Safety Regulator and is a member of the board of the Australian Reinsurance Pool Corporation. She is President of the National Competition Council.

Ms Schafer was previously a partner in Brisbane professional legal service firms, specialising in commercial and insurance matters. She is a former Deputy Chancellor of QUT, President of the Queensland Law Society, and Chair of Queensland's largest mutual.

She is a Fellow of the Australian Institute of Company Directors and has a Bachelor of Laws with Honours. She facilitates in Governance and the Practice of Directorship, Risk and Strategy in the Company Director Course, for the Australian Institute of Company Directors.

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	6	6
Carol Lilley	6	6
Ray Hezkial	6	6
Dr Thomas Parry AM	2	2
Brett Tucker	6	6
Dorte Ekelund	6	6
Dr Helen Locher	6	6
Peter Dennis	6	6
Julie-Anne Schafer	4	4

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 \$83,389,495 (30 June 2021: \$19,622,794) has been declared by the directors to be paid, which is 100% of 30 June 2022 after tax net profit.

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulations

Icon Distribution has various environmental reporting requirements and obligations in each state and territory that it holds a licence. The licences were issued to the ActewAGL Distribution Partnership and reporting and compliance obligations are undertaken by the Partnership. During the financial year, Icon Distribution materially complied with all requirements in respect to these licences. 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 2021-22 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

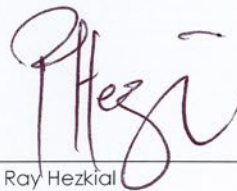
Icon Distribution is a company of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission (ASIC), relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report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



Wendy Caird
Chair

Canberra
31 August 2022



Ray Hezkial
Director

Canberra
31 August 2022

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 2022 which comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, directors' declaration and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report:

- (i) presents fairly, in all material respects, the Company's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended; and
- (ii) Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

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 Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001*;
- 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 skepticism 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 controls;
- 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
ACT Auditor-General
2 September 2022

**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 2022, 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
ACT Auditor-General
2 September 2022

Statement of profit or loss and other comprehensive income

	Note	2022 \$'000	2021 \$'000
Revenue			
Share of net profit of the joint venture partnership accounted for using the equity method	2	119,314	26,519
		119,314	26,519
Expenses			
Other expenses arising from ordinary activities		-	(14)
		-	(14)
Profit before income tax equivalents expense		119,314	26,505
Income tax equivalents expense	3a	(35,925)	(6,882)
Profit for the year		83,389	19,623
Other comprehensive income			
Revaluation of property, plant and equipment within joint venture investment	5	(25,563)	(86,616)
Income tax equivalents expense relating to components of other comprehensive income	3a	7,669	25,985
Items that will not be reclassified subsequently to profit and loss		(17,894)	(60,631)
Total comprehensive income/(loss) for the year		65,495	(41,008)
Total comprehensive income/(loss) is attributable to:			
Owners of Icon Distribution Investments Limited		65,495	(41,008)

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

Balance sheet

	Notes	2022 \$'000	2021 \$'000
ASSETS			
Non-current assets			
Investments accounted for using the equity method	5	957,027	932,276
Total non-current assets		957,027	932,276
Total assets		957,027	932,276
LIABILITIES			
Current liabilities			
Trade payables	6	-	11
Dividends payable	4, 14d	83,389	19,623
Total current liabilities		83,389	19,634
Non-current liabilities			
Deferred tax balances	7	117,727	124,242
Intercompany loan	6, 14d	625,334	639,929
Total non-current liabilities		743,061	764,171
Total liabilities		826,450	783,805
Net assets		130,577	148,471
EQUITY			
Contributed equity	8	400	400
Reserves	9	130,177	148,071
Total equity		130,577	148,471

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

Statement of cash flows

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Distributions received from the ActewAGL Distribution Partnership		69,000	7,500
Payments to suppliers (inclusive of goods and services tax)		(11)	(21)
Net cash inflow from operating activities		68,989	7,479
Cash flows from financing activities			
Income tax equivalents paid by Icon Water	3a	(34,771)	(4,762)
Payments of dividends to Icon Water	4	(19,623)	(24,880)
Net cash (outflow) from financing activities		(54,394)	(29,642)
Net decrease/(increase) in intercompany loan	14e	14,595	(22,163)

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 2020		400	208,702	-	209,102
Profit for the year		-	-	19,623	19,623
Other comprehensive income		-	(60,631)	-	(60,631)
Total comprehensive income for the year		-	(60,631)	19,623	(41,008)
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	-	(19,623)	(19,623)
Balance at 30 June 2021		400	148,071	-	148,471
Balance at 1 July 2021		400	148,071	-	148,471
Profit for the year		-	-	83,389	83,389
Other comprehensive income		-	(17,894)	-	(17,894)
Total comprehensive income for the year		-	(17,894)	83,389	65,495
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	-	(83,389)	(83,389)
Balance at 30 June 2022		400	130,177	-	130,577

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. Contributed equity
9. Reserves
10. Remuneration of auditors
11. Contingent liabilities
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.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Icon Distribution is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards – Simplified Disclosure Requirements

The financial report of Icon Distribution complies with Australian Accounting Standards – Simplified Disclosures 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

Icon Distribution has applied the following standard for the first time for the financial reporting period commencing 1 July 2021:

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The application of this Standard did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect current or future periods.

(v) Going concern

The financial report has been prepared on a going concern basis. At 30 June 2022, current liabilities exceed current assets by \$83.4 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 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 2022, 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 2022, 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 as at 30 June 2022. 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 \$25.6 million which has been taken to the Asset revaluation reserve. Refer to note 5 for further information.

On 4 August 2022, the ACT Government announced its long-term strategy to commence transition away from fossil-fuel gas to renewable energy opportunities over the next 20 years. Therefore under current policy settings, the gas distribution network is expected to remain an important energy source in the ACT region for the next 10-15 years and will remain economically viable until at least the mid-2030s. The current five-year regulatory period for the gas distribution network will expire on 30 June 2026 at which time the Australian Energy Regulator will make the subsequent five-year price determination. It is anticipated that this will assist with providing an informed view on the future and value of gas assets beyond this period.

2. Revenue

	2022	2021
	\$'000	\$'000
Share of net profit from the ActewAGL Distribution Partnership accounted for using the equity method	119,314	26,519
	119,314	26,519

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

	2022 \$'000	2021 \$'000
Current tax		
Current tax equivalents expense recognised in the current year	34,912	5,726
Adjustment to prior year (i)	(141)	(964)
	34,771	4,762
Deferred tax		
Deferred tax equivalents expense recognised in the current year	1,154	262
Adjustments to prior year (i)	-	1,858
	1,154	2,120
Income tax equivalents expense	35,925	6,882
Net deferred tax – recognised directly in equity	(7,669)	(25,985)
Total income tax equivalents expense in statement of profit or loss and other comprehensive income	28,256	(19,103)

(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

	2022 \$'000	2021 \$'000
Profit before income tax equivalents expense	119,314	26,505
Tax at the Australian tax rate of 30% (2020-21: 30%)	35,794	7,951
Other Items:		
- Non-deductible expenses	92	51
- Share of ActewAGL Distribution profits and partner share of profits	180	145
- Adjustments for income tax expense of prior periods	(141)	(1,265)
Income tax equivalents expense	35,925	6,882

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

	2022	2021
	\$'000	\$'000
Dividend payable at the beginning of the financial year	19,623	24,880
Amount appropriated from operating profit	83,389	19,623
	103,012	44,503
Amount paid during the year	(19,623)	(24,880)
Dividend payable at the end of the financial year	83,389	19,623

Accounting policy

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

5. Investments accounted for using the equity method

	2022 \$'000	2021 \$'000
Non-current assets		
Investment in the ActewAGL Distribution Partnership	957,027	932,276
	957,027	932,276

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

	2022 \$'000	2021 \$'000
Carrying amount at beginning of financial year	932,276	999,873
Share of net profit from the ActewAGL Distribution Partnership	119,314	26,519
Distributions received from the ActewAGL Distribution Partnership	(69,000)	(7,500)
Revaluation of plant and equipment assets in the ActewAGL Distribution Partnership	(25,563)	(86,616)
Carrying amount at end of financial year	957,027	932,276

Commitments and contingent liabilities in respect to joint ventures

(a) Commitments

Icon Distribution has entered into a joint arrangement 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:

	2022 \$'000	2021 \$'000
Capital commitments	28,266	6,355
Total commitments	28,266	6,355

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 2022.

(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.

During the year ended 30 June 2022, the ActewAGL Distribution Partnership provided a new bank guarantee pertaining to the proposed construction of capital works within the ACT. Icon Distribution's share amounts to \$431,793. For the year ended 30 June 2021, the ActewAGL Distribution Partnership held a bank guarantee for security deposits in relation to a lease agreement of which Icon Distribution's share was \$2,358,898. This guarantee was cancelled during the year ended 30 June 2022.

(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 2022 (30 June 2021: nil).

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

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.

Critical Accounting Estimate

Icon Distribution assesses the fair value of combined electricity and gas distribution network assets 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 5.10%.

The discounted cash flow method is highly sensitive to variations in the nominal discount rate, when revaluing the assets in the investment in ActewAGL Distribution Partnership. A revision to key inputs such as the discount rate and the Regulated Asset Base (RAB) multiple was made when determining fair value as at 30 June 2022 to adopt a more market-based methodology.

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 2022 resulted in a \$25.6 million decrement adjustment being required (30 June 2021: \$86.6 million decrement). 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

	2022 \$'000	2021 \$'000
Current liabilities		
Trade payables	-	11
	-	11
Non-current liabilities		
Intercompany loan – Icon Water Limited	625,334	639,929
	625,334	639,929

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

	2022 \$'000	2021 \$'000
The balance comprises temporary differences attributable to:		
- Share of deferred tax from the ActewAGL Distribution Partnership	61,939	60,785
- Asset revaluation	55,790	63,459
- Other	(2)	(2)
	117,727	124,242
Movements:		
Balance at the beginning of the year	124,242	145,949
Charged:		
- to profit or loss	1,154	2,119
- directly to equity	(7,669)	(25,985)
- adjustments of income tax expense for prior periods (i)	-	2,159
Balance at the end of the year	117,727	124,242

	Share of deferred tax from the ActewAGL Distribution Partnership \$'000	Asset revaluation \$'000	Other \$'000	Total \$'000
At 1 July 2020	56,507	89,444	(2)	145,949
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
At 30 June 2021	60,785	63,459	(2)	124,242
At 1 July 2021	60,785	63,459	(2)	124,242
Charged / (Credited):				
- to profit or loss	1,154	-	-	1,154
- directly to equity (refer note 3a)	-	(7,669)	-	(7,669)
At 30 June 2022	61,939	55,790	(2)	117,727

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

8. Contributed equity

Movements in fully paid ordinary shares:

	Number of shares	Total \$'000
Balance as at 1 July 2021	400,000	400
Balance as at 30 June 2022	400,000	400

Icon Distribution does not have a limited amount of authorised capital.

9. Reserves

	2022 \$'000	2021 \$'000
Asset revaluation reserve	130,177	148,071
Total reserves	130,177	148,071

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 assets.

10. Remuneration of auditors

Payment for the audit and review of the financial report by the ACT Audit Office, as auditor of the Icon Water Group, will be made by the immediate parent entity, Icon Water Limited, on behalf of Icon Distribution.

For the financial year ended 30 June 2021, the fee for audit services provided by the ACT Audit Office for Icon Distribution was \$16,023.

From 1 July 2021, the ACT Audit Office will only provide one consolidated invoice for the Icon Water Group audits.

11. Contingent liabilities

No contingent liabilities are known to the directors at the date of this report (30 June 2021: nil).

12. Commitments for expenditure

At 30 June 2022, Icon Distribution had not committed to any future capital expenditure (30 June 2021: nil).

13. Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2022 that have significantly affected, or may significantly affect, Icon Distribution's operations in future financial periods or the results of those operations in future financial periods.

14. Related party transactions

(a) Transactions with Director related entities

There were no transactions during the financial year with the directors of Icon Distribution.

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) Transactions with key management personnel

The remuneration of directors is paid through the immediate parent entity, Icon Water Limited.

(c) Parent entity

The immediate 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.

(d) Outstanding balances arising from transactions with related entities

	2022 \$	2021 \$
Amounts due to immediate parent entity		
- Current	83,389,495	19,622,794
- Non-current	625,333,986	639,928,977
Total related party payables	708,723,481	659,551,771

(e) Transactions with related entities in the wholly-owned Group

During the financial year ended 30 June, the following transactions were undertaken by entities within the Icon Water Group:

(i) Transactions with immediate parent entity

	2022 \$	2021 \$
Distributions received from equity accounted investments	(69,000,000)	(7,500,000)
Payments to suppliers made on behalf of Icon Distribution	11,216	20,454
Payment of dividends to Icon Water Limited	19,622,794	24,880,138
Income tax equivalent payments made on behalf of Icon Distribution	34,770,999	4,762,089
Net (decrease)/increase in intercompany loan with Icon Water Limited	(14,594,991)	22,162,681

14. Related party transactions (continued)

(f) Loan from immediate parent entity

	2022 \$	2021 \$
Balance at the beginning of the financial year	639,928,977	619,925,444
Net (decrease)/ increase in intercompany loan with Icon Water Limited	(14,594,991)	22,162,681
Non-cash adjustments of income tax equivalents expense for prior periods	-	(2,159,148)
Balance at the end of the financial year	625,333,986	639,928,977

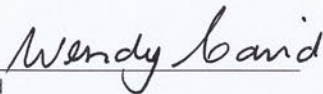
The immediate parent entity, Icon Water Limited, facilitates the cash transactions on behalf of Icon Distribution which is offset by an intercompany loan account. All cash is handled through Icon Water and is reflected in the financial statements of that company.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 26, are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards – General Purpose Financial Statements - Simplified Disclosures, 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 2022 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 31 August 2022. The directors have the power to amend and reissue the financial statements.



Wendy Caird
Chair

Canberra
31 August 2022



Ray Hezkial
Director

Canberra
31 August 2022



Icon Retail Investments
Limited

ABN 23 074 371 207

ANNUAL REPORT

For the year ended
30 June 2022

Icon Retail Investments Limited

ABN 23 074 371 207

Annual Report for the year
ended 30 June 2022

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The financial statements are for Icon Retail Investments Limited (Icon Retail) as an individual entity. The financial statements are presented in Australian dollars (AUD).

Icon Retail Investments Limited is a company limited by shares, incorporated and domiciled in Australia. Its principal registered office is:

Level 5, ActewAGL House
40 Bunda Street
Canberra ACT 2600

A description of the nature of the entity's operations and its principal activities is included in the Directors' report on page 6, which does not form part of the financial statements.

The financial statements were authorised for issue on 31 August 2022. The directors have the power to amend and reissue the financial statements.

Directors' Report

The directors present the financial report of Icon Retail Investments Limited (Icon Retail) for the year ended 30 June 2022.

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 July 2013, Deputy Chair in March 2014, then Chair from March 2017. Ms Caird's appointment term was extended in March 2020 when she was reappointed 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 and to the boards of Icon Distribution Investments Limited and Icon Retail Investments Limited in March 2017. 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 October 2020 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

Term concluded 15 November 2021

Dr Thomas Parry was first appointed to the Icon Water Limited Board in November 2015 and was 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 until 30 June 2022, and held the role as Chair for the period 19 December 2018 until 2 October 2020. He was also 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 30 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 35 years' experience working in strategic and statutory land use and infrastructure planning across all levels of government. She has worked in NSW local government, headed the Federal Government's Major Cities Unit, was Deputy Director-General of the Western Australian Department of Planning and Infrastructure, and a member of the WA Planning Commission. Ms

Ekelund has held a number of urban planning roles in the ACT Government, including as 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 renewables. Ms Ekelund has also been the ACT member of the Murray-Darling Basin Officials Group.

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

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 Tasmanian Civil and Administrative Tribunal. 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 14 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 General Manager of Water for Beca Hunter H2O, a Director of the NSW Local Government Procurement Board, and a Director and President Elect for 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 and is an Adjunct Professor in Engineering at the University of Newcastle. He also lectured in Environmental Process Technologies for over 15 years.

Directors (continued)

Julie-Anne Schafer, Director

LLB (Hons), FAICD, ANZIF
Appointed 15 December 2021

Julie-Anne Schafer was appointed to the Icon Water Board in November 2021 and as a Director of Icon Retail Investments Limited and Icon Distribution Investments Limited on 15 December 2021. Ms Schafer is also a member of the Icon Water Remuneration Committee.

Ms Schafer has directorship experience in diverse and highly regulated sectors, including financial services, utilities, transport, member services and health.

Ms Schafer is currently a non-executive director of Urban Utilities and Chair of the Audit, Finance and Risk Committee and member of the Experience and Safety Committee for Urban Utilities. She is also a non-executive director of CS Energy, Chair of the Culture and Remuneration Committee and member of the Audit and Enterprise Risk Committee for CS Energy.

Ms Schafer is a non-executive member of the Office of the National Rail Safety Regulator and is a member of the board of the Australian Reinsurance Pool Corporation. She is President of the National Competition Council.

Ms Schafer was previously a partner in Brisbane professional legal service firms, specialising in commercial and insurance matters. She is a former Deputy Chancellor of QUT, President of the Queensland Law Society, and Chair of Queensland's largest mutual.

She is a Fellow of the Australian Institute of Company Directors and has a Bachelor of Laws with Honours. She facilitates in Governance and the Practice of Directorship, Risk and Strategy in the Company Director Course, for the Australian Institute of Company Directors.

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	6	6
Carol Lilley	6	6
Ray Hezkial	6	6
Dr Thomas Parry AM	2	2
Brett Tucker	6	6
Dorte Ekelund	6	6
Dr Helen Locher	6	6
Peter Dennis	6	6
Julie-Anne Schafer	4	4

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 \$11,161,239 (2021: \$9,685,031) has been declared by the directors to be paid, which is 100% of 30 June 2022 after tax net profit.

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulations

Icon Retail has various environmental reporting requirements and obligations in each state and territory that it holds a licence. The licences were issued to the ActewAGL Retail Partnership and reporting and compliance obligations are undertaken by the Partnership. During the financial year, Icon Retail materially complied with all requirements in respect to these licences. 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 2021-22 financial year.

Indemnity of officers and directors

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

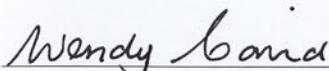
Auditor's independence declaration

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

Rounding of amounts

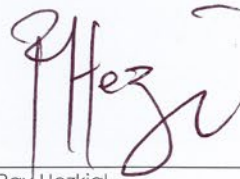
Icon Retail is a company of the kind referred to in *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission (ASIC), relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report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

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



Wendy Caird
Chair

Canberra
31 August 2022



Ray Hezkial
Director

Canberra
31 August 2022

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 2022 which comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, directors' declaration and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report:

- (i) presents fairly, in all material respects, the Company's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended; and
- (ii) Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

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 Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001*;
- 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.

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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 skepticism 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
ACT Auditor-General
2 September 2022

**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 2022, 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
ACT Auditor-General
2 September 2022

Statement of profit or loss and other comprehensive income

	Note	2022 \$'000	2021 \$'000
Revenue			
Share of net profit of the joint venture partnership accounted for using the equity method	2	16,006	14,539
		16,006	14,539
Expenses			
Other expenses arising from ordinary activities		-	(14)
		-	(14)
Profit before income tax equivalents expense			
		16,006	14,525
Income tax equivalents expense	3a	(4,845)	(4,840)
Profit for the year			
		11,161	9,685
Total comprehensive income for the year			
		11,161	9,685
Total comprehensive income is attributable to:			
Owners of Icon Retail Investments Limited		11,161	9,685

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

Balance sheet

	Notes	2022 \$'000	2021 \$'000
ASSETS			
Non-current assets			
Receivables	5a, 13d	6,737	6,737
Investments accounted for using the equity method	6	48,209	49,202
Deferred tax balances	7	1,090	1,450
Total non-current assets		56,036	57,389
Total assets		56,036	57,389
LIABILITIES			
Current liabilities			
Trade payables	5b	-	11
Dividends payable	4, 13d	11,161	9,685
Total current liabilities		11,161	9,696
Non-current liabilities			
Intercompany loan	5b, 13d	43,875	46,693
Total non-current liabilities		43,875	46,693
Total liabilities		55,036	56,389
Net assets		1,000	1,000
EQUITY			
Contributed equity	8	1,000	1,000
Total equity		1,000	1,000

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

Statement of cash flows

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Distributions received from the ActewAGL Retail Partnership		17,000	23,250
Payments to suppliers (inclusive of goods and services tax)		(11)	(20)
Net cash inflow from operating activities		16,989	23,230
Cash flows from financing activities			
Income tax equivalents paid by Icon Water		(4,485)	(1,435)
Payments of dividends to Icon Water	4	(9,685)	(13,193)
Net cash (outflow) from financing activities		(14,170)	(14,628)
Net decrease in intercompany loan	13e	2,819	8,602

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 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)
Balance at 30 June 2021		1,000	-	1,000
Balance at 1 July 2021		1,000	-	1,000
Profit for the year		-	11,161	11,161
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	4	-	(11,161)	(11,161)
Balance at 30 June 2022		1,000	-	1,000

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

Notes to the financial statements

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

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

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

1. Significant accounting policies
2. Revenue
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. Contingent liabilities
11. Commitments for expenditure
12. Events occurring after the reporting period
13. Related party transactions

14. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below and in the relevant notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Icon Retail is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Simplified Disclosure Requirements

The financial report of Icon Retail complies with Australian Accounting Standards – Simplified Disclosures 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

Icon Retail has applied the following standard for the first time for the financial reporting period commencing 1 July 2021:

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The application of this Standard did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect current or future periods.

(v) Going concern

The financial report has been prepared on a going concern basis. At 30 June 2022, current liabilities exceed current assets by \$11.2 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 2022, 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 2022, the impact of COVID-19 on Icon Retail'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 2022.

2. Revenue

	2022 \$'000	2021 \$'000
Share of net profit from the ActewAGL Retail Partnership accounted for using the equity method	16,006	14,539
	16,006	14,539

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

	2022 \$'000	2021 \$'000
Current tax		
Current tax equivalents expense recognised in the current year	4,424	1,885
Adjustment to prior year (i)	61	(449)
	4,485	1,436
Deferred tax		
Deferred tax equivalents expense recognised in the current year	360	3,222
Adjustments to prior year (i)	-	182
	360	3,404
Income tax equivalents expense	4,845	4,840

(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

	2022 \$'000	2021 \$'000
Profit before income tax equivalents expense	16,006	14,525
Tax at the Australian tax rate of 30% (2020-21: 30%)	4,802	4,358
Other Items:		
- Non-deductible expenses	5	26
- Share of ActewAGL Retail profits and partner share of profits	(23)	(57)
- Adjustments for income tax expense of prior periods	61	513
Income tax equivalents expense	4,845	4,840

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

	2022	2021
	\$'000	\$'000
Dividend payable at the beginning of the financial year	9,685	13,193
Amount appropriated from operating profit	11,161	9,685
	20,846	22,878
Amount paid during the year	(9,685)	(13,193)
Dividend payable at the end of the financial year	11,161	9,685

Accounting policy

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

5. Financial assets and liabilities

a) Receivables

	2022	2021
	\$'000	\$'000
Non-current assets		
Intercompany receivable – Icon Water Limited	6,737	6,737
	6,737	6,737

Accounting policy

These amounts represent receivables from Icon Water Limited 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

	2022	2021
	\$'000	\$'000
Current liabilities		
Trade payables	-	11
	-	11
Non-current liabilities		
Intercompany loan – Icon Water Limited	43,875	46,693
	43,875	46,693

5. Financial assets and liabilities (continued)

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 the immediate parent entity, 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

	2022 \$'000	2021 \$'000
Non-current assets		
Investments in the ActewAGL Retail Partnership	48,209	49,202
	48,209	49,202

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

	2022 \$'000	2021 \$'000
Carrying amount at beginning of financial year	49,202	57,913
Share of net profit from the ActewAGL Retail Partnership	16,006	14,539
Distributions received from the ActewAGL Retail Partnership	(17,000)	(23,250)
Carrying amount at end of financial year	48,209	49,202

Commitments and contingent liabilities in respect to joint ventures

a) Commitments

Icon Retail has entered into a joint arrangement 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 2022.

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 2022 (30 June 2021: 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 2022 (30 June 2021: nil).

6. Investments accounted for using the equity method (continued)

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.

7. Deferred tax balances

	2022 \$'000	2021 \$'000
The balance comprises temporary differences attributable to:		
- Share of deferred tax from the ActewAGL Retail Partnership	1,088	1,448
- Accruals	3	3
- Other	(1)	(1)
	1,090	1,450
Movements:		
Balance at the beginning of the year	1,450	4,072
Charged / (Credited):		
- to profit or loss	(360)	(3,404)
- adjustments of income tax expense for prior periods (i)	-	782
Balance at the end of the year	1,090	1,450

	Share of deferred tax from the ActewAGL Retail Partnership \$'000	Accruals \$'000	Other \$'000	Total \$'000
At 1 July 2020	4,070	3	(1)	4,072
Charged / (Credited):				
- to profit or loss	(3,404)	-	-	(3,404)
- adjustments of income tax expense for prior periods (i)	782	-	-	782
At 30 June 2021	1,448	3	(1)	1,450
At 1 July 2021	1,448	3	(1)	1,450
Charged / (Credited):				
- to profit or loss	(360)	-	-	(360)
- adjustments of income tax expense for prior periods (i)	-	-	-	-
- At 30 June 2022	1,088	3	(1)	1,090

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

8. Contributed equity

Movements in fully paid ordinary shares:

	Number of shares	Total \$'000
Balance as at 1 July 2021	1,000	1,000
Balance as at 30 June 2022	1,000	1,000

Icon Retail does not have a limited amount of authorised capital.

9. Remuneration of auditors

Payment for the audit and review of the financial report by the ACT Audit Office, as auditor of the Icon Water Group, will be made by the immediate parent entity, Icon Water Limited, on behalf of Icon Retail.

For the financial year ended 30 June 2021, the fee for audit services provided by the ACT Audit Office for Icon Retail was \$16,023.

From 1 July 2021, the ACT Audit Office will only provide one consolidated invoice for the Icon Water Group audits.

10. Contingent liabilities

No contingent liabilities are known to the directors at the date of this report (30 June 2021: nil).

11. Commitments for expenditure

At 30 June 2022, Icon Retail had not committed to any future capital expenditure (30 June 2021: nil).

12. Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2022 that have significantly affected, or may significantly affect, Icon Retail's operations in future financial periods or the results of those operations in future financial periods.

13. Related party transactions

a) Transactions with Director related entities

There were no transactions during the financial year with the directors of Icon Retail.

Any transactions with directors or with entities 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) Transactions with key management personnel

The remuneration of directors is paid through the immediate parent entity, Icon Water Limited.

c) Parent entity

The immediate 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.

d) Outstanding balances arising from transactions with related entities

	2022 \$	2021 \$
Amounts due from immediate parent entity	6,736,996	6,736,996
Total related party receivables	6,736,996	6,736,996
Amounts due to immediate parent entity		
- Current	11,161,239	9,685,031
- Non-current	43,874,509	46,692,970
Total related party payables	55,035,748	56,378,001

e) Transactions with related entities in the wholly-owned Group

During the financial year ended 30 June, the following transactions were undertaken by entities within the Icon Water Group:

(i) Transactions with immediate parent entity

	2022 \$	2021 \$
Distributions received from the ActewAGL Retail Partnership	(17,000,000)	(23,250,000)
Payments to suppliers made on behalf of Icon Retail	11,216	20,367
Payment of dividends to Icon Water Limited	9,685,031	13,192,952
Income tax equivalents payments made on behalf of Icon Retail	4,485,292	1,435,159
Net decrease in intercompany loan with Icon Water Limited	(2,818,461)	(8,601,522)

13. Related party transactions (continued)

f) Loan from immediate parent entity

	2022	2021
	\$	\$
Balance at the beginning of the financial year	46,692,970	54,513,431
Net decrease in intercompany loan with Icon Water Limited	(2,818,461)	(8,601,522)
Non-cash adjustments of income tax equivalents expense for prior periods	-	781,061
Balance at the end of the financial year	43,874,509	46,692,970

The immediate 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 Limited and is reflected in the financial statements of that company.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 26, are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards – General Purpose Financial Statements - Simplified Disclosures, 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 2022 and of its performance for the financial 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 31 August 2022. The directors have the power to amend and reissue the financial statements.



Wendy Caird
Chair

Canberra
31 August 2022



Ray Hezkial
Director

Canberra
31 August 2022

ActewAGL Joint Venture

**Summary financial report
for the year ended 30 June 2022**

ActewAGL

ActewAGL Joint Venture
Summary financial report
For the year ended 30 June 2022

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ActewAGL Joint Venture
Introduction to the summary financial report
For the year ended 30 June 2022

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 2022.

Profit

Profit for the year ended 30 June 2022 was \$269 million, compared to the prior year's profit of \$82 million.

Total revenue for the year ended 30 June 2022 was \$951 million compared to \$843 million in the prior year. The increase is primarily due to the regulated increase in Retail electricity charges due to the impact of ACT Government jurisdictional schemes resulting in higher network charges for retailers.

Total other income for the year ended 30 June 2022 was \$27 million compared to \$28 million in the prior year. The decrease is primarily due to the decrease in capital contributions received in our energy networks business Evoenergy for capital works undertaken on behalf of its customers, which has been partially offset by the gain on sale of smart metering assets.

The total cost of providing goods and services for the year ended 30 June 2022 was \$632 million compared to \$710 million in the prior year. The decrease is primarily due to the decrease in feed in tariff (FIT) payments required to be made by Evoenergy to large scale renewable energy generators due to the significant increase in the average wholesale spot price for electricity.

Cash flow

The Joint Venture generated \$323 million from its operating activities for the year ended 30 June 2022 compared to \$165 million in the prior year.

Net cash outflows used in investing activities were \$103 million for the current year, compared to \$89 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, \$172 million was distributed to ActewAGL's Partners, \$110 million higher than the \$62 million in the prior year primarily due to the increase in profit.

Financial position

At 30 June 2022, the Joint Venture had net assets of \$1,635 million compared to \$1,538 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 2022 was \$131 million, \$40 million higher than the prior year. Current assets were \$407 million compared to \$292 million in the prior year. Current liabilities were \$289 million compared to \$230 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 \$1,435 million, compared to \$1,391 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 16% 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 2022

	2022 \$'000	2021 \$'000
Continuing operations		
Revenue	951,268	842,958
Other income	26,782	27,545
Cost of providing goods and services	(631,604)	(709,671)
Share of profits of joint ventures	15	276
Profit before net financing costs, depreciation and amortisation	346,461	161,108
Depreciation and amortisation	(76,346)	(77,807)
Profit before net financing costs	270,115	83,301
Finance income	825	695
Finance costs	(1,733)	(1,834)
Net financing costs	(908)	(1,139)
Profit before tax	269,207	82,162
Income tax expense	32	(183)
Profit for the year	269,239	81,979
Profit for the year is attributable to:		
Partners of the ActewAGL Joint Venture	269,239	81,979
Other comprehensive income for the year	-	-
Total comprehensive income for the year	269,239	81,979
Total comprehensive income for the year is attributable to:		
Partners of the ActewAGL Joint Venture	269,239	81,979

ActewAGL Joint Venture
Statement of financial position
As at 30 June 2022

	2022 \$'000	2021 \$'000
Assets		
Current assets		
Cash and cash equivalents	131,415	91,222
Trade and other receivables	82,384	61,775
Contract assets	173,107	121,389
Inventories	10,212	8,893
Other current assets	9,538	8,695
Total current assets	406,656	291,974
Non-current assets		
Investments in joint ventures	2,542	2,527
Receivables	4,768	2,379
Property, plant and equipment	1,435,172	1,390,853
Right-of-use assets	30,064	24,407
Intangible assets	76,895	82,626
Total non-current assets	1,549,441	1,502,792
Total assets	1,956,097	1,794,766
Liabilities		
Current liabilities		
Trade and other payables	67,820	77,430
Contract liabilities	183,217	117,206
Provisions	28,936	25,556
Other liabilities including leases	9,202	9,316
Total current liabilities	289,175	229,508
Non-current liabilities		
Contract liabilities	444	1,206
Provisions	1,696	5,518
Other liabilities including leases	29,986	20,977
Total non-current liabilities	32,126	27,701
Total liabilities	321,301	257,209
Net assets	1,634,796	1,537,557
Joint Venture Funds		
Joint Venture funds	1,634,796	1,537,557
Total Joint Venture funds	1,634,796	1,537,557

ActewAGL Joint Venture
Statement of changes in Joint Venture funds
For the year ended 30 June 2022

	Total Joint Venture funds \$'000
Balance at 1 July 2021	1,537,557
Profit for the year	269,239
Other comprehensive income for the year	-
Total comprehensive income for the year	269,239
Transactions with Partners in their capacity as Partners:	
Distributions paid	(172,000)
Balance at 30 June 2022	1,634,796

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

ActewAGL Joint Venture
Statement of cash flows
For the year ended 30 June 2022

	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,077,820	978,513
Payments to suppliers and employees (inclusive of GST)	(753,889)	(811,688)
Income taxes paid	(132)	(524)
Finance income received	758	735
Finance costs paid	(1,656)	(1,619)
Net cash inflow from operating activities	322,901	165,417
Cash flows from investing activities		
Payments for property, plant and equipment	(110,030)	(77,039)
Payments for intangible assets	(15,809)	(12,865)
Proceeds from sale of property, plant and equipment	22,836	553
Distributions received from joint ventures	-	231
Payments for investments in joint ventures	-	(583)
Receipts from loan repayments from joint ventures	-	624
Net cash (outflow) from investing activities	(103,003)	(89,079)
Cash flows from financing activities		
Distributions paid to Partners	(172,000)	(61,500)
Principal elements of lease payments	(7,705)	(7,380)
Net cash (outflow) from financing activities	(179,705)	(68,880)
Net increase/(decrease) in cash and cash equivalents	40,193	7,458
Cash and cash equivalents at the beginning of the year	91,222	83,764
Cash and cash equivalents at the end of the year	131,415	91,222

ActewAGL Joint Venture
Joint Venture Board's declaration
For the year ended 30 June 2022

The ActewAGL Joint Venture prepares a special purpose financial report to satisfy the Board's reporting requirements under the *ACTEW/AGL Partnership Facilitation Act 2000*.

In the Board Members' opinion:

- a) the financial statements of the ActewAGL Joint Venture set out on pages 1 to 5:
 - i. comply with applicable Accounting Standards and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the Joint Venture's financial position as at 30 June 2022 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 Digitally signed by Damien Nicks
Date: 2022.08.29 18:31:15
+10'00'

Damien Nicks
Chair

Melbourne, 29 August 2022

Hezkial, Ray Digitally signed by Hezkial, Ray
Date: 2022.08.29 21:46:29
+10'00'

Ray Hezkial
Board Member

Canberra, 29 August 2022

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 2022 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 2022.

On 31 August 2022, I issued an unmodified audit opinion on the special purpose financial report of the Joint Venture for the year ended 30 June 2022.

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 2022, 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
ACT Auditor-General
31 August 2022

Level 4, Nara Centre, 3 Constitution Avenue Canberra ACT 2601 PO Box 275 Civic Square ACT 2608

T 02 6207 0833 E actauditorgeneral@act.gov.au W www.audit.act.gov.au

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 2022, 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
ACT Auditor-General
31 August 2022



COMPLIANCE

COMPLIANCE STATEMENT

The Icon Water Limited (Icon Water) Annual Report must comply with the 2022 Annual Report Directions (the Directions). The Directions are found at the ACT Legislation Register: legislation.act.gov.au.

This compliance statement indicates the subsections, under the five parts of the Directions that are applicable to Icon Water and the location of the information that satisfies these requirements.

Part 1 Directions Overview

The requirements under Part 1 of the Directions relate to the purpose, timing and distribution, and record 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 sections 1 and 3)
- Financial management reporting (see section 5)

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
- Health
- Care and Carer Support Agencies
- 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 2021–22 we did provide input into the ACT Government's Whole of Government annual reporting in relation to our bushfire risk management practices.

As per Part 5 of the Directions, Icon Water must comply with the Part 5 reporting requirements within our own report. The information that satisfies the requirements of Part 5 is found in Section 4 of the Icon Water Annual Report as follows:

- Bushfire risk management (page 69)
- Human rights (page 74)
- Legal services directions (page 75)
- Territory records (page 72)

OMISSIONS REPORT

As a public unlisted company Icon Water is not required to comply with a number of ACT Government reporting requirements which are applicable to public sector entities.

These are outlined below:

Reporting Requirement	Reason/s for Omissions
B. Human/Resource Management	Government policy – not applicable to Icon Water.
C.3 Capital Works	Government policy – not applicable to Icon Water. However, 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. However, 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.
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	Not applicable to Icon Water
City Centre Marketing and Improvements Levy	
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

AGL	Australia Gas Light Company
AMS	Asset Management System
ANU	Australian National University
ARC	Australian Research Council
BOP	Bushfire Operational Plan
CRC	Cooperative Research Centre
EMP	Environment Management Plan
FTE	Full Time Equivalent
FY	Financial Year
GL	Gigalitres
ICRC	Independent Competition and Regulatory Commission
ICT	Information and Communications Technology
IDIL	Icon Distribution Investments Limited
IMS	Integrated Management System
IRIL	Icon Retail Investments Limited
KMP	Key Management Personnel
LMWQCC	Lower Molonglo Water Quality Control Centre
M2G	Murrumbidgee to Googong pipeline
ML	Megalitres
PID	Public Interest Disclosure
PFAS	Per- and Poly-fluoroalkyl Substances
RAP	Reconciliation Action Plan
SAMP	Strategic Asset Management Plan
TOC	Territory-owned Corporation
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

12 Hoskins Street
Mitchell ACT 2911

Postal address

Icon Water
GPO Box 366
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ACN: 069 381 960

ABN: 86 069 381 960

TTY for Hearing Impaired

133 677

Language assistance

13 14 50, 24 hours

Talk to us

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Requests and inquiries concerning reproduction rights should be directed to the Company Secretary, Icon Water Limited, GPO Box 366, Canberra ACT 2601.

Information about Icon Water and an electronic version of this report can be found at iconwater.com.au.

