

2023–24 to 2026–27  
**BUSINESS  
STRATEGY**

OUR STATEMENT OF CORPORATE INTENT





*Three Rivers* by Lynnice Church

### Acknowledgement of Country

Icon Water acknowledges the traditional custodians of the Canberra region, the Ngunnawal people, and also recognise other people or families with connection to the ACT and region. We 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.

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## A MESSAGE FROM OUR MANAGING DIRECTOR

I am pleased to present our Statement of Corporate Intent (SCI) to the ACT Government and the Canberra community. Our SCI sets out our strategic objectives and highlights the key activities we are committed to delivering in 2023–24.



A handwritten signature in white ink that reads "R Hezkial". The signature is stylized and cursive.

**RAY HEZKIAL**  
Managing Director  
Icon Water

Our purpose – to sustain and enhance quality of life – is at the heart of what we do in providing water and wastewater services that are sustainable, safe, and secure and that contribute to the wellbeing of our customers and liveability of Canberra and our region. As a valued partner in the community, listening and learning from our customers and community is integral to our work. To support this, we will continue our *Let's Talk Water and Wastewater* engagement program and our range of education activities.

If recent years have taught us anything, it's the importance of being able to respond and adapt to challenges, both local and global. We are proud of the way we have done this – but we recognise we will need to continue to build our resilience to meet new and ongoing challenges.

Over the SCI period we will be focused on delivering our eight strategic priorities. This year, we have added the development and implementation of integrated water management planning (IWMP). While our dam levels remain at around 100% following record-breaking wet weather over the last few years, our IWMP priority will help ensure our service strategies and our Drought Management Plan are integrated and coordinated, and future investment decisions consider the whole water cycle. This work will support our investments in water security and exploring alternative water sources as we continue discussing these important issues with our customers and community.

As always, the health, safety and wellbeing of our staff continues to be our highest priority. We aim to not only foster a happy, healthy workforce but continue to be recognised as an employer of choice. Our updated People, Health and Safety Strategy provides a cohesive program of activities that

will support health and wellbeing at Icon Water.

Our capital works program includes two very significant projects at our primary wastewater treatment plant, Lower Molonglo Water Quality Control Centre (LMWQCC). LMWQCC has served Canberra's needs for decades, but some of our assets are approaching the end of their service life and elements of the treatment process are nearing capacity. These projects are the result of long term planning and will enable us to continue to provide high quality wastewater services to our community for generations to come.

From July 2023, the new price direction comes into effect. We recognise that many Canberrans are experiencing cost of living pressures and we are committed to engaging with our customers to provide tailored assistance when needed.

We also remain committed to building a shared understanding of the cultural and spiritual connection of our First Nations peoples to our region's waterways and Country. Our Reflect Reconciliation Action Plan will continue to guide our reconciliation actions in 2023–24.

We are extremely proud of our environmental and sustainability efforts. In 2023–24 and beyond, we will continue to show leadership in the way we protect the environment; we will look for opportunities to grow the circular economy, expand our resource recovery initiatives, and work towards achieving net zero greenhouse gas emissions by 2045.

I am grateful for the continued support and leadership of our Board and am confident that together with our staff, we are well placed to deliver the outcomes that our shareholders, customers and community expect of us.

# OUR BUSINESS STRATEGY

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## 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.

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## 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 customer and community engagement



- Customer and community



OUR  
BUSINESS

## ABOUT US

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

We are the ACT's supplier of essential water and wastewater services. We have been part of the community for over 100 years; sourcing, treating, and supplying water, and managing Canberra's wastewater services. We play a fundamental role in the community – providing essential services that contribute to public health and the future prosperity and liveability of the region.

The current value of our assets is around \$3.2 billion and includes the Territory's network of dams, water treatment plants, wastewater treatment plants, reservoirs, water and sewage pumping stations, pipes, and other related infrastructure.

A major part of our role is protecting the environment. We operate one of Australia's largest inland sewage treatment plants, returning around 70 per cent of the water Canberra uses as high quality flows to the Murrumbidgee River system to a standard suitable for beneficial reuse downstream. Our reliability, expertise and community focus mean we are perfectly placed to provide these essential services.

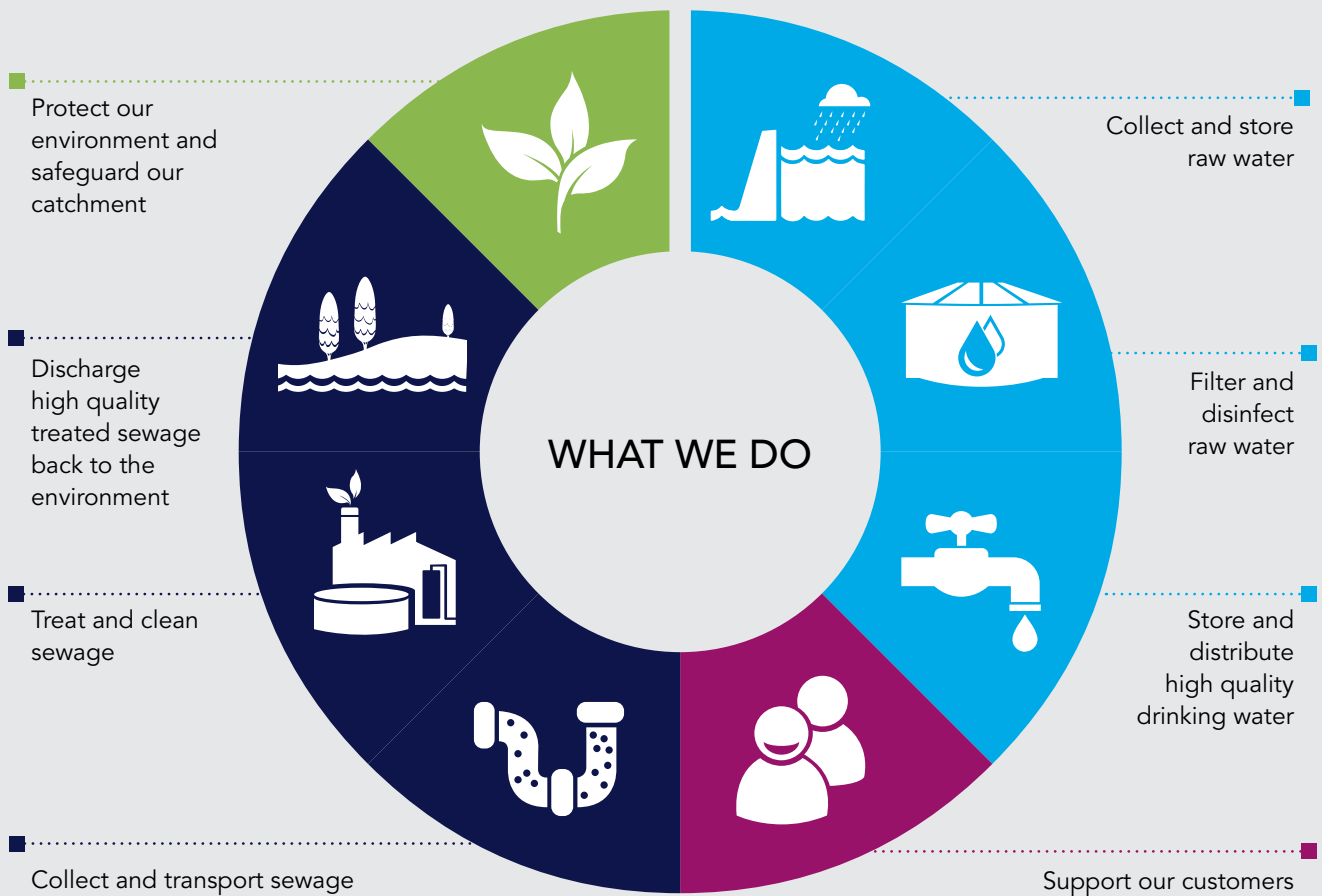
We are unique in Australia as we are a water and wastewater business that also holds a 50 per cent investment in the ActewAGL Joint Venture which provides energy to the ACT and surrounding region. The value of our investment in the ActewAGL Joint Venture is approximately \$1.1 billion. Further information on our energy investment is at page 37.

As a Territory-owned corporation we have four obligations defined under the *Territory-owned Corporations Act 1990 (ACT)*.

- To operate at least as efficiently as any comparable business.
- To maximise the sustainable return to the Territory on its investment in Icon Water and ActewAGL, in accordance with the performance targets in the Statement of Corporate Intent.
- To show a sense of social responsibility by having regard to the interests of the community in which we operate, and by trying to accommodate and encourage those interests.
- Where our activities affect the environment, to effectively integrate environmental and economic considerations in decision-making processes.

These obligations are met through our three key strategic objectives: Workplace, Sustainable Value, and Customer and Community and the associated strategic priorities listed on page 21. They also represent key elements of financial, social, and environmental sustainability, which are factored into all aspects of our business.

Our essential services support the wellbeing of the Canberra community, particularly in relation to the ACT Wellbeing Framework domains of health, environment and climate, and economy.



## OUR CUSTOMERS

**~490,000**

Population reach

**186,833**

Residential customers

**9,939**

Non-residential customers

**45.4**

Gigalitres of water supplied in 2021–22

## OUR TEAM

**~435**

Employees

**96%**

Employed full-time

**22%**

15+ years loyal

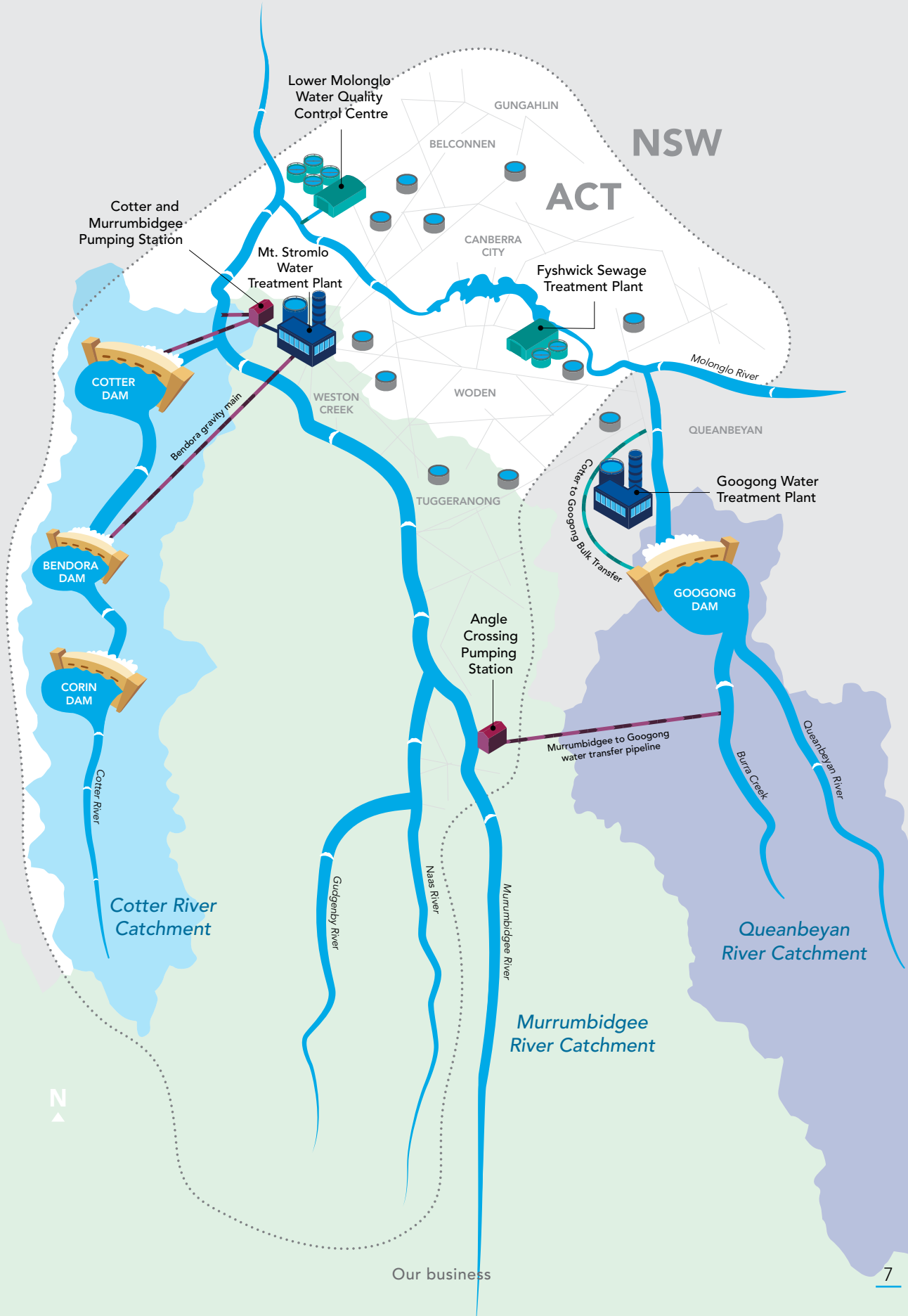
**42**

Average age



# OUR NETWORK

(WATER & 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



OUR PURPOSE

To sustain and enhance  
quality of life



## CORE SERVICES OF QUALITY WATER AND WASTEWATER SERVICES

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We contribute to the liveability of Canberra and the region by providing safe, clean drinking water and sustainable wastewater services, which are essential for life.

Every day we deliver more than 130 million litres of treated water to Canberra residents. We also supply bulk drinking water to Queanbeyan-Palerang Regional Council, which distributes the water to Queanbeyan and the Googong township. As part of our commitment to provide high quality water, we undertake a comprehensive drinking water quality monitoring program. This includes checking in with our customers to gauge their satisfaction with the quality of the tap water we provide.

In 2023–24, we will continue to invest in our water and wastewater infrastructure, responsibly manage our precious water resources, and plan so that current and future generations can benefit from a safe and reliable water and wastewater network. Further detail is provided in the capital works section on page 38.

# WATER SECURITY AND OUTLOOK

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## We are committed to providing water reliably and sustainably to Canberra and the region.

Our focus is always on ensuring long-term water security to support our growing population and to meet the challenges of a changing climate.

The recent drought (2017–2020) was the most severe when measured by impact on our storages. In response we conducted a full review and upgrade of our water security modelling and planning. The lessons learned from the drought have resulted in our water security planning now incorporating a Drought Management Plan that identifies a broad range of options to combat prolonged and severe droughts. This is achieved through operational changes, demand reductions (both voluntary and mandatory) and infrastructure augmentations as storages fall in an extremely severe drought event.

We have also updated our water security modelling using the latest data, science, and processes. The new assessments show that conditions underpinning our modelling have since shifted and we are not as water secure in the medium to long term as we thought based on previous forecasts. The most significant update was in the improved understanding of rainfall runoff during drought periods. This has resulted in two immediate responses:

- We have changed the way we operate our water supply system. We now operate the system more securely which may result in increased supply from Cotter and Googong Dams, thereby reducing spills from these dams. The trade-off is these water sources cost more to operate.
- We have brought the triggers forward for transitioning from Permanent Water Conservation Measures (PWCM) to Temporary Water Restrictions (TWR).

In 2023–24, we will continue working with the ACT Government on:

- Refining water security objectives through the review of the ACT Water Strategy.
- Reviewing and updating the PWCM and TWR rules. We will also seek input from the community as we undertake this work.
- Supporting the supply of water services to the region. Supplying water to regional NSW will require infrastructure, policy and commercial agreements between the ACT and NSW governments and we will work with governments to support technical investigations and planning, where appropriate.

- Considering water vulnerability more broadly. This includes water quality, ecological and socio-economic issues in relation to ACT waterways as well as urban supply.

The outcomes of our water security modelling have also brought forward our timeframes for progressing investigations into our next future water source. In the short to medium term, significant investment will be required to progress investigations to maintain water security and climate resilience. This will include consideration of options including new or augmented dams, additional river pumping, groundwater, demand management, recycled water, and desalination.

Following the recent wet years, our storages are expected to remain at high levels throughout 2023–24.

With our dams currently at high storage and with the recent announcement by the ACT Government to establish the Office of Water, it is an opportune time to build on our *Let's Talk Water and Wastewater* engagement program. Through this, we will further engage with community, customers and stakeholders about how we can best manage our medium to long-term water security as well as prepare for, and respond to, future droughts. Via 'Let's Talk Water and Wastewater', our customers have already told us that water security is their top priority, and they expect us to plan for the future. This includes investing in water security and exploring alternative water sources.

# SUSTAINABILITY AND ENVIRONMENT

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At Icon Water, sustainability is at the heart of what we do.

Our three sustainability principles are to enrich our neighbourhood, respect resources, and care for tomorrow. These principles directly allow us to balance financial health, environmental sustainability, cultural vitality, and social responsibility to meet present needs without compromising the ability for future generations to meet their needs.

As part of our commitment to sustainability, we actively contribute to the United Nations Sustainable Development Goals, with an emphasis on providing clean water and sanitation, protecting the environment, ensuring gender equality, and having responsible consumption and production.

We will continue to take actions that protect the environment, provide sound environmental management, and deliver a range of environment and sustainability programs.

We recognise the present and future challenges posed by climate change on our business. Our eMission Possible Plan defines our pathway and actions to reach net zero greenhouse gas emissions by 2045, as well as interval targets consistent with the ACT Climate Change Strategy. Our Climate Change Adaptation Plan contains actions that build our resilience to the changing environment and continues to evolve with the latest science and observations.

Keeping waste streams out of landfill and reusing waste means a smaller carbon footprint. Over this SCI period, we will continue efforts to discover new opportunities and drive initiatives that increase resource recovery, reduce landfill, and support the local circular economy, while also reducing emissions and pollutants.





OUR  
VISION

To be a valued partner  
in our community



# CUSTOMER AND COMMUNITY ENGAGEMENT

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Through our engagement we have explored our vision and what being a valued partner in the community means to our customers and community.

During these discussions, many expressed a desire for Icon Water to be more visible in the community. Our community and school education initiatives are well received, and people want to hear more about what we are doing in and for the community. Educational topics and focus areas of interest include water conservation, water and wastewater literacy, sustainability, and care for elements across the urban water cycle.

## Let's Talk Water and Wastewater engagement program

In 2021, we launched our customer engagement program, *Let's Talk Water and Wastewater* – our most comprehensive program to date, which has so far involved over 17,600 Canberrans and has informed a number of our strategic plans and investment decisions including the 2023–28 Price Proposal.

Through this program, Canberrans have told us that they value:

- reliable water and wastewater services
- quality drinking water
- affordable pricing
- responsive customer service.

We've also learned the following key insights about our customers' expectations of us when considering strategic planning and investment decisions:

- The community agrees with the need to continue to plan for the future; this includes investing in water security and exploring alternative water sources.
- There is community support for achieving greater environmental sustainability and accelerating net zero while limiting impact on customer prices.
- The community is committed to Icon Water maintaining quality and reliable core services and is willing to pay something towards reducing interruptions or issues for those who experience them more than usual.

- Affordability should underpin any investment decision. If we need to invest to avoid causing issues in the future, we should consider support for vulnerable customers and other impacted customer segments.
- The community considers Icon Water an essential service provider. To be a valued partner in the community customers want us to be more visible – this means being targeted in our partnering initiatives, education and supporting activities, and proactively talking about it with the community.

As a valued partner in the community, we will continue to listen and learn from our customers, stakeholders, employees, and partners. Through ongoing engagement, we hear their views and concerns, and can identify the appropriate responses and solutions. We aim to continue to connect with and give a voice to our community members to inform our decisions and our role.



## COMMUNITY EDUCATION

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Water and wastewater literacy is essential across our region as we see the impacts, uncertainty, and extreme conditions of climate change.

If our customers and community value and understand water and wastewater services, they are more likely to behave in positive ways in terms of their water use and what they dispose of through our wastewater network. Understanding the importance of water conservation helps the community make positive behaviour changes that can impact water conservation and availability of water into the future.

Our Education Program is one of the key tools we use to increase water and wastewater literacy across the region. We aim to further engage with the community, particularly young people, to build their understanding of our urban water network, water conservation, appropriate activities in our catchments to protect source water, and the benefits of drinking tap water.

Highlighting the benefits of looking after the wastewater network through draincare and understanding what can and should not be sent to wastewater treatment, along with alternative solutions, are also a key focus for this program.

More recently we recommenced face-to-face engagement through tours and education events. We now also offer new types of education tours and sessions away from our essential operations with a focus on digital sessions, webinars, and physically distanced face to face sessions. We continue to develop additional online education resources for teachers, students, parents, community members and industry.



## COMMUNICATION PROGRAMS

We continue to focus on increasing water and wastewater literacy in the Canberra community through a range of programs designed to engage and educate on important topics including an ongoing focus on permanent water saving measures.

We will continue our *Free the Poo* campaign which educates Canberrans about draincare impacts; asking them to think carefully about what they put down the drain or flush down the toilet.

This program incorporates a phased approach that builds on key messages around particular network issues. The inaugural phase of the program focused on not flushing wet wipes down the toilet. The next phase incorporates messaging about the impacts of sanitary care products on customer plumbing and our network when flushed down the toilet instead of being placed in bins.

The communications program is delivered through a multi-channel approach, to ensure coverage is achieved across the Canberra community. This includes paid advertising, organic social media, out-of-home communication, bill messaging and event participation.

Other topics incorporated in communication messaging throughout the year include:

- financial help – making sure Canberrans know about bill payment assistance programs
- drink tap – keeping hydrated and reducing the use of single use plastics
- waterwise behaviours – a focus on water literacy and permanent water conservation measures
- source water protection and how to enjoy recreation in catchment areas without negatively impacting the environment.



## COMMUNITY SUPPORT

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At Icon Water we have a strong sense of social responsibility to support our region, contributing to and promoting the cultural and social development of the Canberra community.

Each year we partner with a wide range of local community, cultural, educational, sporting, and fundraising initiatives through our annual Community Support Program (CSP). These partnerships are also a key tool in building water and wastewater literacy across the region.

Our CSP is designed to maximise returns to the community and benefits to the organisation. It provides financial and in-kind assistance to organisations that provide valuable community support services and programs, and various community activities that provide and encourage community access and participation.

We will proudly continue supporting Canberra and the surrounding regions guided by our assessment criteria and our new Community Support Program elements of 'we are nurturing, we value you and we care'. We aim to continue our work with the community to build on these elements and provide local support across a range of diverse sectors.



## MAIN COMMUNITY SERVICE OBLIGATIONS

Icon Water fulfils a range of Community Service Obligations (CSOs) on behalf of the ACT Government.

These CSOs are social, rather than commercial in nature and are explicitly funded by the ACT Government. Water and wastewater services are also provided at a 50% price discount to community organisations such as schools and churches. This table shows the estimated dollar values for each CSO category.

Community Services Obligations	2022–2023 Estimated \$000	2023–2024 Estimated \$000
Water services for schools, hospitals, charities and churches or ecclesiastical establishments	1,647	1,647
Wastewater services for schools, hospitals, charities and churches or ecclesiastical establishments	3,424	3,424
In home haemodialysis water and wastewater services	17	17
ACT Civil and Administrative (ACAT) discharges	28	28
<b>TOTAL</b>	<b>5,116</b>	<b>5,116</b>



**OBJECTIVES**

# OUR STRATEGIC OBJECTIVES AND PRIORITIES

Our objectives represent medium-term outcomes to be achieved through specific initiatives.



## Workplace

Build a culture that values safety, innovation and inclusiveness



## Sustainable value

Deliver sustainable value for our community and shareholders



## Customer

Enhance customer and community engagement

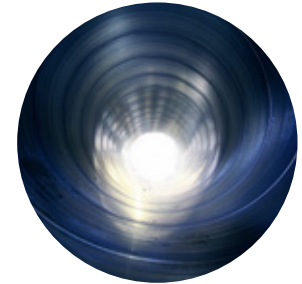
Our priorities are shown below.



## People, health and safety strategy



## 2023–28 price review



## Integrated Water Management Program (NEW)



## Review the corporate service model



## Digital strategy



## Data governance and management



## Sustainability



## Strategic customer and community engagement



## WORKPLACE STRATEGIC OBJECTIVE

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We recognise that our people enable us to provide essential services to the Canberra community and region.

The People, Health and Safety team provide specific support for our workplace goals. These include specialist teams working on health and safety, injury management, organisational capability, workplace culture, and people management. In addition, we expect our leaders to contribute to the kind of workplace we aspire to develop and empower all staff to behave in a manner that aligns with our core values of safety, excellence and openness.

To achieve our workplace objective, we will implement our People, Health and Safety Strategy with a focus on people and culture, health and wellbeing (physical, psychological and socio-cultural), and safety.

In 2023–24, this will include reviewing our values (safety, openness and excellence) and our leadership development framework, continuing our focus on hazard management and manual task safety, implementing a new permit to work solution, reinvigorating our Disability, Diversity, Access and Inclusion Action Plan, and implementing a refreshed health and wellbeing program.



## People, health and safety strategy

An updated People, Health and Safety Strategy was approved in late 2022, with a mission to build a safe, innovative and inclusive workforce. It outlines the need for a strategic approach to maintain and enhance the health, safety and wellbeing of our people with four focus areas: Leadership, Culture, Performance and Wellbeing.

Aligned with the strategy's focus areas and objectives, we will establish a new 'in-house' People and Culture team, which will initially focus on the transition of HR services from the current provider, ActewAGL.

Our new People, Health and Safety Team will focus on:

- Delivering services that are accessible, easy to use and responsive; and
- Providing advice and decisions that are collaborative, consulted, evidence-based and data-driven.

During 2023–24, we will undertake activities to support the future direction of Icon Water and contribute to workplace and cultural change initiatives by:

- Facilitating and collaborating on reviews of our core values and our leadership development framework.
- Supporting and monitoring flexible work arrangements for staff.
- Refreshing our workplace consultation framework through our Joint Consultative Committee.
- Developing an integrated workforce planning and capability model for the whole organisation.

Safety remains embedded in everything we do, with our ongoing commitment to supporting informed leadership and positive workplace safety culture through our *Switch On* Program and our continued work to enhance our hazard management capability, enabling team leaders to provide suitable task pre-start support to their teams.

During 2023–24, we will have a continued focus on manual task safety working closely with all business areas to ensure meaningful and fit-for-purpose tools and training. We will also focus on fatigue management, conflict management and psychological health and safety. We will continue our focus on hazard management and link our hazards with risks. A new permit to work solution will be implemented business-wide which will contribute to ensuring the safety of all workers wherever they are working on our network. Our Work, Health and Safety (WHS) consultation framework will be reviewed to better align the communication and decision-making channels for WHS between all levels of Icon Water.

We will provide health and wellbeing activities that are not only responsive to injury but preventative, particularly in the areas of safe manual tasks and psychological health and safety. By ensuring a cohesive program of activities to support health and wellbeing, we can create a happy, healthy workforce, and continue to be an employer of choice.

During 2023–24, our Health and Wellbeing Program has the following objectives:

- To support our people to develop skills and confidence in effective self-management of their health and wellbeing.
- To develop and support a culture of early disclosure, early reporting and early intervention for injury or illness.
- To reduce the rate and severity of injury.

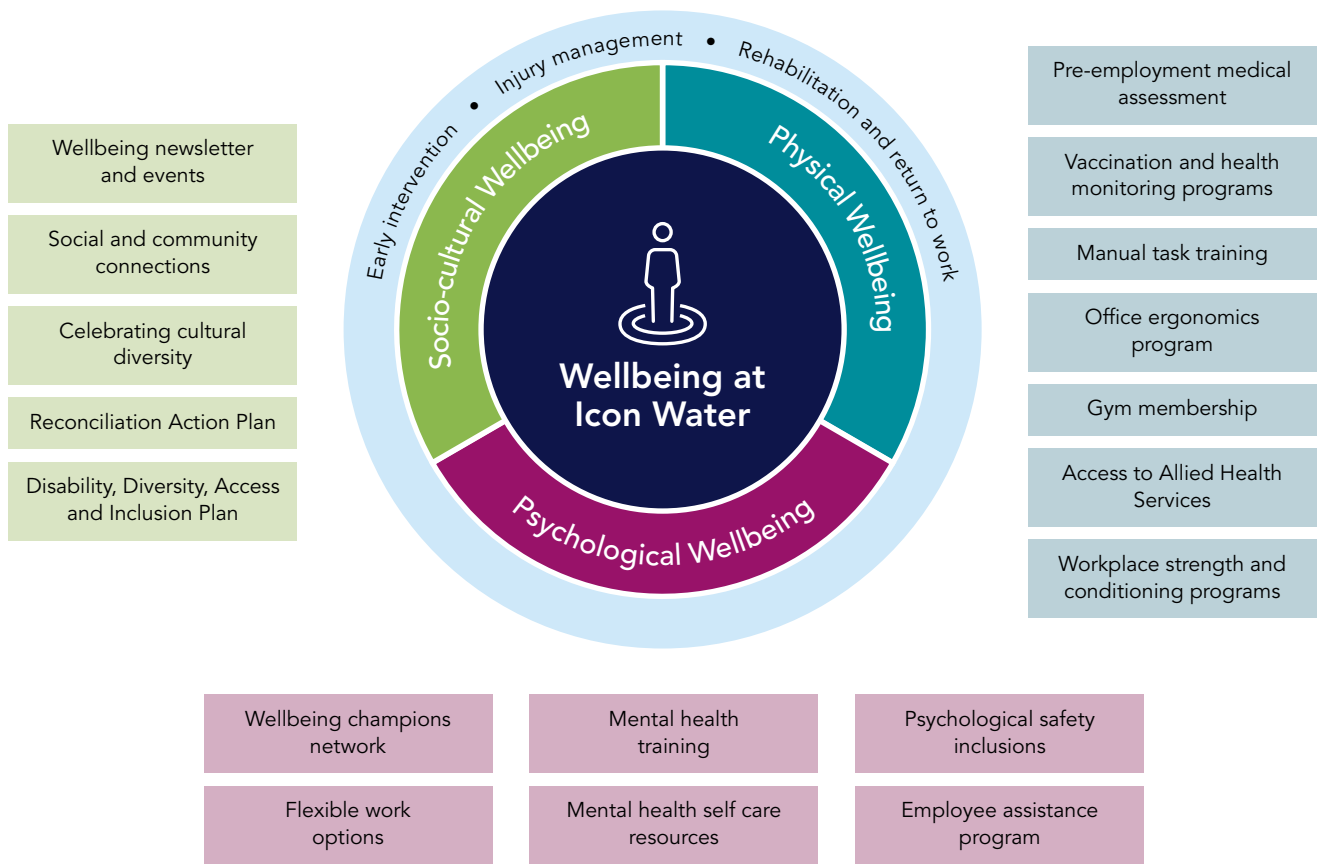
The program covers three domains of health and wellbeing – physical, psychological and socio-cultural, all supported by a proactive and responsive early intervention, injury management and rehabilitation framework.

The program is also structured around three pillars of health – promoting health and wellbeing; preventing injury; and responding to incidents.

As part of promoting socio-cultural health and wellbeing we will be reinvigorating our Equity and Diversity Officers Network, providing further training and support to network members, and engaging in an active recruitment and promotion campaign. We will also be commencing work on a comprehensive Disability, Diversity, Access and Inclusion Action Plan which will coordinate a number of activities already happening in this space with new initiatives to ensure we are an accessible, inclusive and welcoming workplace for all.



## Wellbeing at Icon Water







## SUSTAINABLE VALUE STRATEGIC OBJECTIVE

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Our strategic objective to deliver sustainable value for our community and shareholders recognises the important role we play in Canberra and the region.

In undertaking our core purpose to sustain and enhance the quality of life, we support the community to grow and prosper through the provision of high quality drinking water and environmentally sustainable water and wastewater services.

Our sustainable value strategic objective aligns with our Territory-owned Corporations Act obligations to operate at least as efficiently as any comparable business; and to maximise the sustainable return to the Territory on its investment in Icon Water and ActewAGL. Further detail on our energy investment is on page 37. As our main activities do have an impact on the environment, it is through this objective that we seek to integrate environmental and economic considerations in our decision-making processes and embed sound environmental management across our business.

Several business units provide specific support to our goal to deliver sustainable value. These include teams working on capital expenditure projects to renew and grow our networks, operation of our plants, risk and emergency management, environmental management, financial and commercial management, and enabling digital technologies. This work helps ensure we operate in a sustainable, prudent and efficient way across all areas of our business.

To achieve our sustainable value objective, we will focus on the strategic priorities to enhance sustainability, develop and implement an integrated water management program, implement our digital strategy, improve data management and governance, embed the 2023–28 price direction and implement the corporate services delivery model.



## Sustainability

Sustainability is at the heart of what we do, and our sustainability actions are highlighted on page 12.

Under this priority, we will continue to build resilience to climate change. We will understand our exposure and build our resilience to a variety of climate change uncertainties that can have financial and operational impacts on the provision of water and wastewater services to the ACT and region. We are actively transitioning to a lower-carbon economy and positioning our business to take advantage of opportunities to contribute to community resilience to climate change.

In 2023–24, we will continue to implement our eMission Possible Plan pathway to achieving net zero greenhouse gas emissions by 2045. We will continue to implement actions from our Climate Change Adaptation Plan to improve business and community climate resilience.

We will enhance the circular economy. We recognise that operating and maintaining the water and sewer network produces a range of by-products which have historically been treated as 'waste'. This strategy reflects our sustained approach to manage waste as a resource. Resources which can be recovered from our operations include energy, heat, nutrients, materials and water from our water treatment solids, effluent, biosolids and excavated soil. We will deliver our Circular Economy Plan to build our resource sustainability capacity with local partners to establish a regenerative circular economy and reduce disposal to landfill.

## Digital strategy

Through our Digital Strategy (2021–28) we are incrementally uplifting, modernising and optimising our technology to maximise our asset performance and set our organisation up for sustainable success. Ultimately, it is about the delivery of trusted and valued digital technology that enables our organisation, empowers our workforce in their everyday work, and supports a more effective, efficient and seamless service delivery and customer experience.

During 2023–24, we will implement key capabilities defined in the customer and operations' systems roadmaps. We will establish a business intelligence capability to turn data into actionable insights. We will upgrade key platforms including our Customer Management Platform, our website and building applications service which will support operational efficiencies and customer engagement. We will continue cyber security initiatives in support of our business and the Security of Critical Infrastructure legislation. The strategy will also serve to underpin key decisions as part of the Corporate Services Sourcing Strategy, and we will deliver required capabilities in support of the sourcing strategy implementation.





### Data management and governance

This priority recognises that data is a strategic asset and to continue to manage a reliable water and wastewater network, our decisions need to be informed by reliable data that is trusted and timely. This strategy aims to deliver the data governance framework, tools, and systems to effectively collect, process and analyse all our data assets.

During 2023–24, we will embed the enterprise data governance and management framework by establishing a data governance committee, developing sustainable data management practices and uplifting our organisational data capability and culture. These are essential foundations for continually increasing data maturity at Icon Water.



### 2023–28 price review

Every five years, the Independent Competition and Regulatory Commission (ICRC) undertakes an analysis into our prices and spending and issues a price direction to stipulate how maximum prices for the next regulatory period will be determined. The ICRC recently issued a new price direction, which covers the period 1 July 2023 to 30 June 2028.

Through the price review priority, we are seeking to embed the 2023–28 price direction and start delivering on the commitments we made to our customers in our price proposal which centre around eight outcomes:

We have incorporated key performance indicators and targets for these outcomes, as shown on page 30 of this Business Strategy.

During 2023–24, we will progress key activities under each of the outcomes, including water security as part of the Integrated Water Management Program priority, major upgrades of sewage treatment plant facilities and exploring potential enhancements to how we support financially vulnerable customers. We will also start gathering and analysing the data that will be required to inform the ICRC’s review of our wastewater tariffs that will occur during the 2023–28 regulatory period.

-  Prepare and plan for the future
-  Care for and protect the environment
-  Affordability for all
-  Valued and visible community partner

-  Maintain core service levels
-  Safe and healthy drinking water
-  Reliable water and wastewater services
-  Contemporary and responsive customer service

## Development and implementation of an Integrated Water Management Program

We must actively plan for a growing Canberra and a future where climate change has impacted our systems. We must routinely reassess our water security, water catchment quality, drought management actions and wastewater systems to inform our operating and investment decisions and build resilience.

Water security and outlook on page 11 identifies our challenges in ensuring our long-term water security to support our growing population and to meet the challenges of a changing climate.

Our wastewater services are also nearing capacity, and we are exploring how our wastewater system can best meet Canberra's future needs.

We have three service strategies that guide the long-term development of Icon Water services, now and into the future.

- The Water System Strategy identifies the vision and objectives for Icon Water's water system to be safe, secure, and smart. It identifies the actions required to ensure our long-term water security.
- The Wastewater System Strategy sets the direction for Icon Water's wastewater system, including the different strategic options available and the actions required to progress them.
- The Non-Drinking Water Strategy identifies the vision and objectives for the non-drinking water system. It includes actions required to inform our decisions about providing non-drinking water as a service, as part of drought response and demand management, and in supporting liveability outcomes.

Associated with the Water Strategy is our Drought Management Plan. It sets out actions, including a number of infrastructure augmentation options, required to prepare us for extreme drought conditions.

In 2023–24, we plan to improve the resilience of the ACT's water and wastewater services by developing and implementing an Integrated Water Management Program (IWMP). The IWMP will help ensure our service strategies and our Drought Management Plan are integrated and coordinated, and future investment decisions consider the whole water cycle.

During the four-year life of this SCI, key questions that we will seek to answer through the IWMP include:

- What options do we have to ensure a resilient and secure water supply?
- What is our next water source?
- Which strategic option do we want to pursue for our future wastewater system configuration?
- Do we centralise our wastewater treatment or retain multiple treatment locations?
- Is groundwater or purified-recycled water a feasible source of drinking water during drought?
- How can we manage demand to mitigate impacts of drought?

The IWMP will deliver sustainable value for our community and shareholders. It will also help achieve the objectives of our Climate Change Adaptation Plan, Circular Economy Plan and eMission Possible Plan.

## Implement the corporate services delivery model

This priority will ensure that our corporate services delivery model continues to provide value for money services to support our evolving business operations. This strategy aims to deliver and implement a sourcing strategy for corporate and customer services post-2023 (when current arrangements expire).

A key focus is to maintain access to the services we need to operate our business efficiently and effectively.

During 2023–24, we will begin to implement and deliver our corporate and customer services as we transition from the existing service contracts which expire in 2023. This is a significant change for our business, as we build relationships with our new service partners appointed following competitive tender processes and manage the transition away from our current provider.





## ENHANCE CUSTOMER AND COMMUNITY ENGAGEMENT STRATEGIC OBJECTIVE

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

Community expectations of service and value are evolving, and we want to make it easier for our customers to interact with us.

All staff are involved in supporting our customer aspirations, whether they serve internal customers, or directly or indirectly serve our external customers. Our external customers are served directly by several specialist teams that maintain our water and sewerage networks, work with developers to grow the networks, ensure efficient and effective account management, and work with our community partners.

To achieve our customer objective, we will enhance our strategic customer and community engagement with a focus on increasing community understanding and collaboration, streamlining the billing experience, enhancing the complaints experience and improving delivery of complex technical services and advice.





## Strategic customer and community engagement

Under this priority we will increase community understanding and collaboration. The aim of this strategy is to listen to, and understand, the evolving needs of our customers and work with the community to increase water and wastewater literacy. Our current customer and community program – *Let's Talk Water and Wastewater* – provides a platform for customers and the community to be involved and have their views considered in strategic decisions that affect them including future service design and investment planning.

During 2023–24, we will progress our planned engagement with the community on future water supply options and vulnerable customer support and continue building water and wastewater literacy.

We will streamline the billing experience, by continuing to improve our data management, analytics and reporting as well as introducing process improvements that balance fair revenue recovery with customer billing outcomes. In addition, we will continue to explore opportunities to better support vulnerable customers by engaging and co-designing with

those with lived experience and their advocates.

During 2023–24, we will implement the next phase of our new meter management system which will provide improved capability to manage and adapt to technology changes in our water meter fleet. This new system is a key input into the billing process and provides the opportunity to further support changing customer and business needs.

We will enhance the complaints experience as we continue to focus on understanding drivers of complaints that could be avoided, improving the management of those that remain and addressing priority issues where the complaint or its escalation could have been prevented.

During 2023–24, we will apply our root cause analysis framework to address prioritised complaint categories.

Importantly, we will improve the technical service and advice experience. We recognise that we need to deliver complex technical services and advice in a way that helps customers resolve issues and

comply with the standards and guidelines in place to protect our network. Through this strategy we will continue to understand and identify opportunities within the current technical services' journeys for more timely issue identification, helpful advice, and streamlined processes. Through this focus we will make it easier for customers to interact with us on technical issues that are often unfamiliar to them and improve our ability to proactively avoid network protection issues.

During 2023–24, we will redefine the faults and emergency experience, deliver updated 'Before You Dig' processes, progress the next phase of the liquid trade waste roadmap to improve customer identification, data collection and compliance, and update systems and information that support developer processes.



## PERFORMANCE INDICATORS AND TARGETS

For each of our objectives, we have established performance indicators and targets to monitor and report on achievements.

These indicators and targets are supported by internal performance management arrangements and related monitoring and reporting activities. We also provide external reporting of performance outcomes through the following mechanisms:

- reporting annually on various service delivery targets (relating to water quality, reliable supply, sewerage services and customer satisfaction (including industry comparisons) in the National performance report: urban water utilities (published by the Bureau of Meteorology)
- reporting on compliance and performance to ICRC and the Utilities Technical Regulator
- reporting on performance outcomes in our Annual Report
- providing water and sewerage information under part 7 of the *Water Regulations 2008* (collected by the Bureau of Meteorology)
- providing water and sewerage information for the National Water Account (published by the Bureau of Meteorology).

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

Strategic objective	Performance indicators	Targets (30 June 2024)
Build a culture that values safety, innovation and inclusiveness	High Potential Incident (HPI)	Zero incidents
	Total Recordable Injury Frequency Rate (TRIFR)	≤14
	Notifiable incidents (Safety)	Zero
	Service strikes	<6 per annum
	Good catches*	>10 per month
	Reduction in excess leave balances	<50 staff with excess leave
	Wellbeing: Unplanned leave per employee over a rolling 12-month period	<9 days of unplanned leave per employee
	Gender diversity	Improved proportion of females in non-traditional roles: <ul style="list-style-type: none"> <li>▪ 50% females in leadership roles</li> <li>▪ &gt;10% females in competency-based roles</li> <li>▪ &gt;25% females in STEM roles</li> </ul>

\* Good catches are unsafe hazards or conditions that have been noticed in the workplace.

Strategic objective	Performance indicators	Targets (30 June 2024)
Deliver sustainable value for our community and shareholders	Maintain core service levels: Safe and healthy drinking water	100% compliance with regulatory requirements as reported to ACT Health 100% compliance with health-related guideline values of the Australian Drinking Water Guidelines
	Reliability: Completion of planned maintenance works in the water network	>90% planned work completed on water network (includes dams, treatment plants and reticulation)
	Reliability: Completion of planned maintenance works in the sewer network	>90% planned work completed on sewer network (includes treatment plants and collection system)
	Environmental compliance	100% compliance with environmental flow requirements, environmental authorisations, and agreements
	Greenhouse gas emissions	Reduction in net CO <sub>2</sub> -e greenhouse gas emissions equivalent to 1990 levels of 50-60% by 2025, consistent with interval levels in the ACT Climate Strategy
	% total waste recycled or reused	Increase the % of total operational waste recycled or reused
	Shareholder return	\$19.6m (profits available for dividends)
	Earnings Before Interest and Tax (Water and Energy)	\$128.7m
	Capital expenditure	+/-10% of \$108.2m <small>*excluding capital interest and developer funded component of capital contribution scheme projects</small>
	Gearing	Less than or equal to 60%
Enhance the customer experience	Maintain core service levels: Contemporary and responsive customer service	Survey respondents 'satisfied' or 'very satisfied' with Icon Water = >90% Percentage of issues resolved at first point of contact = increase over time
	Easy to deal with (Customer Effort Score)	Maintain result above 90%
	Community perception of Icon Water	Maintain result at or above 65
	Prepare and plan for the future	Time in water restrictions (excluding water restrictions called in response to a state or natural disaster) = <5% of the time over a five-year period
	Maintain core service levels: Reliable water and wastewater services	Percentage of connections with >3 water or wastewater interruptions per year = <0.05% Percentage of connections with a water or wastewater interruption >6 hours = <5%
	Maintain core service levels: Response to faults	Average response time between fault logged and crew onsite (mins) = < 150mins Respond to Priority 1** activities within 120 mins = 75%

\*\* A Priority 1 activity is where a customer is experiencing total loss of water supply; a wastewater overflow to a dwelling or property; or an event causing major property damage, personal injury, public health risk or damage to the environment.



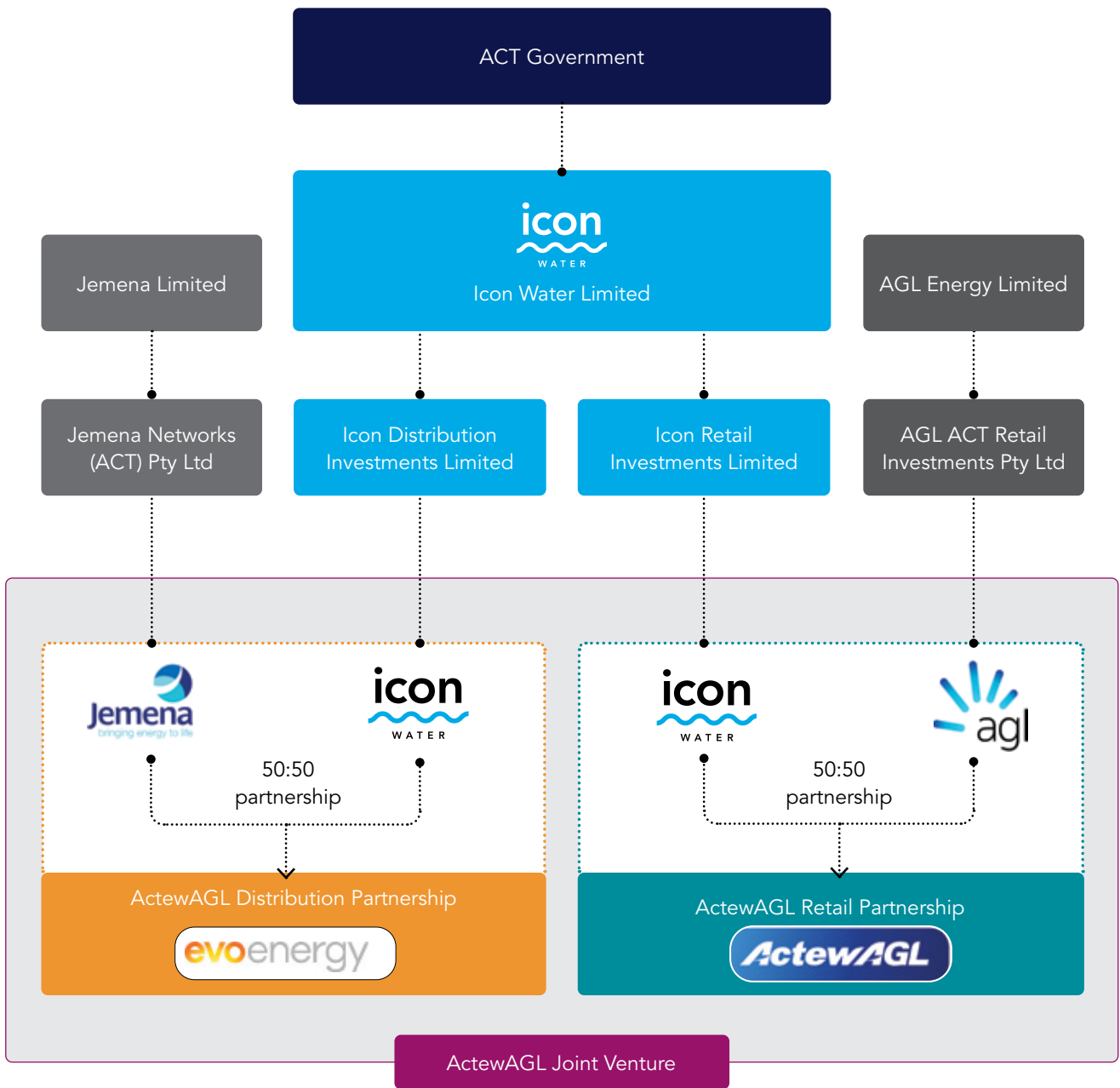
SUPPORTING  
INFORMATION

# OWNERSHIP STRUCTURE

The Icon Water Limited Board is responsible for the governance of Icon Water and its controlled entities.

The Board is supported by Board committees and controlled entity boards which actively manage our investment in ActewAGL.

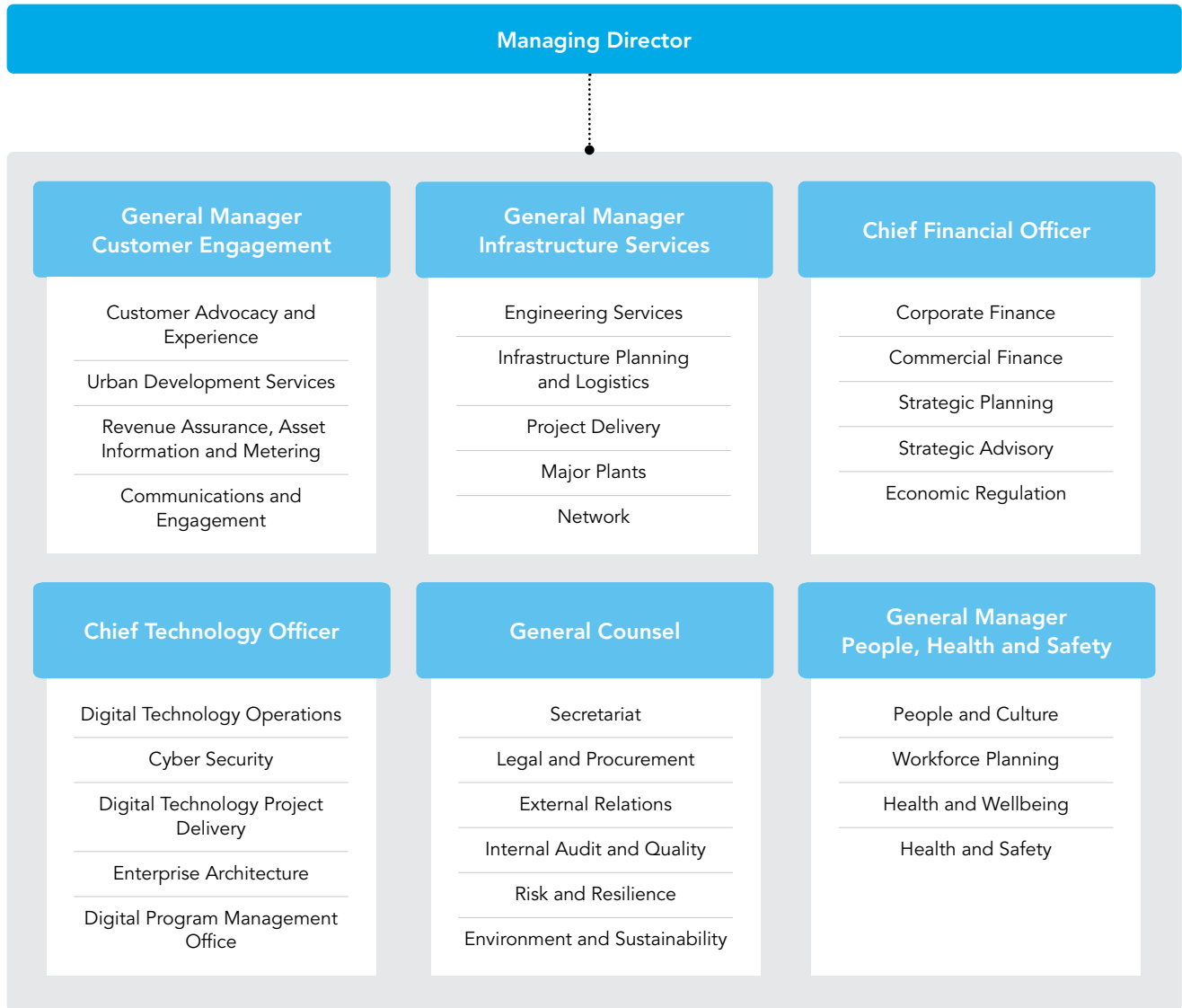
Our Directors bring valuable skills and diversity to the governance and strategic oversight of Icon Water, and challenge management to strengthen Icon Water's organisational culture and safety leadership.



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).

# ORGANISATIONAL STRUCTURE

Our organisational structure has six groups, each led by an executive. As at May 2023, we have ~435 employees. We review our organisational profile and staffing requirements as part of our budget planning and to ensure our operations remain prudent and efficient.



# OUR ENERGY INVESTMENT

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The ActewAGL joint venture is comprised of two partnerships:

- ActewAGL Distribution Partnership (trading as Evoenergy) which owns and operates the electricity network in the ACT and the gas network in the ACT and surrounding regions.
- ActewAGL Retail Partnership (trading as ActewAGL) which sells electricity and gas to residential, commercial and government customers in the ACT and surrounding region.

Our two key objectives in relation to our investment in the ActewAGL Joint Venture are to:

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

ActewAGL's Joint Venture Partnerships Board consists of six members, three of whom are Icon Water appointees. We are an active and informed investor in the ActewAGL Joint Venture and manage this through a range of investment performance metrics which enable us to consider ongoing performance against our key objectives. The three Icon Water appointees to the ActewAGL Joint Venture Partnerships Board are supported in their roles as directors by the Icon Retail Investments Limited (IRIL) and Icon Distribution Investments Limited (IDIL) Boards which have the same composition as the Icon Water Limited Board.

The ActewAGL Joint Venture is focused on continuing to deliver affordable energy services to its existing customers while acknowledging the need to continue to evolve its offerings in line with broad community expectations, ambitions regarding sustainable energy, and emerging challenges in the energy sector.

The ActewAGL Joint Venture is committed to supporting 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 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 support and promote efficient and sustainable energy use in the ACT and surrounding regions. These include but are 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.
- Operating a hydrogen vehicle refuelling station to service a fleet of 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.



## CAPITAL WORKS

We have an ongoing capital works program to ensure we continue to provide effective water and wastewater services to the ACT.

These projects support population growth in the ACT and region with new infrastructure (growth projects), replace infrastructure as required (renewal projects), enable compliance with changing regulation (regulation projects), or support ongoing improvements to future costs (efficiency projects).

Our significant capital works projects over the next four years are detailed below and grouped by primary driver, noting that projects often contribute to more than one driver.

### Expected capital expenditure by primary driver

	FY24 \$m	FY25 \$m	FY26 \$m	FY27 \$m	Total FY24-27 \$m
Growth***	17.0	32.5	50.7	88.6	188.8
Renewal	80.7	97.9	102.3	90.8	371.7
Regulation	7.1	8.7	9.6	3.9	29.3
Efficiency	3.4	1.0	4.5	3.7	12.6
<b>TOTAL</b>	<b>108.2</b>	<b>140.1</b>	<b>167.1</b>	<b>187.0</b>	<b>602.4</b>

\*\*\* Excludes capital interest and developer funded component of capital contribution scheme projects.



GROWTH	We have upgrades underway to <b>augment the Belconnen trunk sewer</b> to meet population growth in Belconnen and Gungahlin.	<b>\$33m</b> Indicative total cost with completion in 2023–24
	We have now finalised our evaluation of options to <b>increase the capacity of the secondary treatment process at Lower Molonglo Water Quality Control Centre (LMWQCC)</b> . Membrane bioreactors (the selected option) was assessed as being the best technical and the lowest whole-of-life cost solution. The project now moves into more detailed design development and planning to consider how to deliver this significant project most efficiently.	<b>\$370m</b> Indicative total cost with completion in 2030
RENEWAL	We are undertaking a <b>renewal of high voltage electrical supply infrastructure at LMWQCC</b> . This is replacing critical end of life assets which were installed in late 1970s as well as installing new infrastructure to increase reliability.	<b>\$46m</b> Indicative total cost with completion in 2023–24
	We are developing the detailed design for the <b>renewal of the chemical disinfection system at LMWQCC</b> . This system is critical to treat the discharge from the plant to comply with environmental licence conditions.	<b>\$7m</b> Indicative total cost with completion in 2025–26
	In addition to upgrading treatment processes at LMWQCC, we also need to <b>upgrade and refurbish the staff amenities at LMWQCC</b> . These facilities require upgrading to support a modern working environment for the 100 staff on site. These facilities have not been significantly upgraded since their original construction in the 1970s.	<b>\$8m</b> Indicative total cost with completion in 2024–25
	We have an <b>ongoing program of work to replace a proportion of our water meters, water mains and sewer mains</b> every year. This program is targeted to mains with evidence of deterioration including corrosion or a history of blockages, water mains that don't meet our requirements for flow, and water meters which have failed or are nearing the end of their service life.	<b>\$22m</b> Indicative cost per year
	The detailed design is nearing completion on the <b>Cotter Pump Station Upgrade project</b> . This project seeks to improve the reliability and efficiency of water abstraction from Cotter Dam and the Murrumbidgee River by building a new Cotter Pump Station No.2 and decommissioning the heritage listed Cotter Pump Station No.1.	<b>\$40m</b> Indicative total cost with completion in 2024–25
	We have an ongoing <b>Digital Strategy</b> to empower our workforce in their everyday work, maximise water asset performance, optimise our operations, and improve customer experience. We are upgrading operations systems, retiring our legacy ICT portfolio, integrating technology for better performance, creating an enterprise data capability, enhancing our enterprise resource management capability, and modernising and securing our networks.	<b>\$30m</b> Indicative for ICT investment to 2027–28
	We are <b>replacing reservoirs or major components (such as roofs or purlins) on service reservoirs</b> constructed in the late 1950s and early 1960s. In 2025, we will start work on replacing Lower Red Hill Reservoir which supplies water to central Canberra. In 2026, we plan to start work on Aranda Reservoir to replace the roof and renew the joint seals. These projects ensure we can maintain public and worker safety, and water quality.	<b>\$22m</b> Indicative cost with completion in 2026–27
	We have finalised our evaluation of options to <b>renew the biosolids management infrastructure at LMWQCC</b> . The selected treatment option (gasification) was assessed as being the best balance during technical, environmental, and whole of life cost assessments. This technology also aligns to our circular economy plan which sets our pathway for waste management and resource recovery. The project now moves into more detailed design development and delivery planning.	<b>\$270m</b> Indicative total cost with completion in 2030–31
We are <b>replacing the non-potable water pipeline to Uriarra Village</b> to provide long-term water security for the community. Funding for the project is provided by the ACT Government.	<b>\$6m</b> Indicative total cost with completion in 2023–24	

Our wastewater treatment plant has served Canberra's needs for decades, but some of the assets are ageing and elements of the treatment process are nearing capacity.

We have a responsibility to protect our environment and continue providing high quality wastewater services to our community. To do this we need to upgrade, or replace, elements of our treatment process.

Our capital works program includes two significant projects for our main wastewater treatment plant, Lower Molonglo Water Quality Control Centre (LMWQCC).

LMWQCC comprises chemical, biological and mechanical treatment processes across three stages – primary treatment to remove large solids, secondary treatment for biological nutrient reduction and tertiary treatment to filter and disinfect the wastewater before discharge.

## Bioreactors – Secondary treatment process

Microorganisms are a critical part of our secondary wastewater treatment process. They convert ammonia found in our wastewater into nitrogen gas, minimising the impact on our river ecosystem. Something so vital to our treatment process, and the environment, needs dedicated infrastructure.

Our secondary treatment process is approaching capacity as Canberra's population nears the half-million mark. New technologies present an opportunity to enhance performance on a range of measures, as part of increasing capacity. Our team has investigated different options for upgrading the secondary treatment process in a staged approach to ensure we can service our community through the next 50 years.

After rigorous assessment of suitable technologies, our new biological treatment will be upgraded to membrane bioreactors. Future stages of the capacity augmentation will likely involve converting the existing bioreactor to membrane technology, with the timing dependent on population growth in coming decades.

The staging of the project will allow the infrastructure to be installed over time to spread out the cost and ensure it is right-sized for Canberra's growing population.



## Biosolids management

Canberra's wastewater is separated into liquid and solids as part of the wastewater treatment process. These organic solids are known as biosolids.

The current treatment process uses furnaces to treat biosolids, where the intense heat destroys pathogens and contaminants. This creates a product we call Agri-Ash, which retains elements of lime and phosphorus. Agri-Ash is a beneficial soil enhancer used on farmland. On average, we collect Agri-Ash three days a week for distribution to regional farmers.

Both furnaces are approaching the end of their service life and maintenance is becoming increasingly expensive. Our plan is to replace the old furnaces with an environmentally sustainable and energy efficient technology to service our growing community over the next 50 years. We consulted with experts and industry partners across the globe to identify a shortlist of viable treatment alternatives.

After rigorous assessment of suitable options, high-tech heat treatment has been identified as the biosolids treatment solution that will provide the greatest community and environmental outcomes in terms of energy efficiency, enhanced resource recovery opportunities and ability to provide treatment of contaminants of emerging concern.

The technology, known as 'gasification' is auto thermal, meaning it needs an initial point of combustion for start-up, and then uses the biosolids as the ongoing fuel source to run. The initial combustion source is flexible, meaning that as the ACT transitions away from use of natural gas, we will not be bound to this energy source.



## Timeline of projects

### 2022

- Early community and stakeholder consultation on the shortlisted options
- Icon Water expert panel examines the options and the process of assessment
- Icon Water Board approval of the preferred project options

### Early 2023

- Broader community and stakeholder consultation on the selected option for each project
- Delivery planning commences for both projects

### Mid 2023

- Community and stakeholder consultation continues
- Development and Environmental Impact Statements and Development Application for each project
- Detailed design and construction planning commences

### 2024

- Project approvals process
- Updates to stakeholders and the community

### 2025

- Design and construction planning is finalised
- Construction commences
- Updated to stakeholders and the community

### 2030

- Projects are complete, ready to treat Canberra's wastewater

# RISK MANAGEMENT

Risk management is a vital function of our governance framework and supports the achievement of our strategic objectives.



Effective risk management increases the probability of successful outcomes while protecting the reputation and sustainability of Icon Water.





Our Risk Management Framework (RMF) complies with *ISO 31000 Risk Management – Guidelines* and sets the foundation and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management capability.

To support the RMF, the Icon Water Board has established a Risk and Assurance Committee (RAC) to provide independent assurance and advice to the Board on the management of risk, the identification of enterprise risks and the treatment of key risks. A description of our enterprise risks and related mitigation strategies is below.

## Key risks

Enterprise risk category	Overview of enterprise risks	Key mitigation strategies
 People, Culture and Safety	Icon Water does not keep workers and/or public safe	<ul style="list-style-type: none"> <li>People, Health and Safety Strategy</li> <li>Health and Wellbeing program</li> <li>Competency and other safety training</li> <li>External audits of health and safety management system</li> <li>Positive safety culture</li> <li>Safe Systems of Work</li> <li>Maintenance Strategy</li> <li>Internal safety audits and inspections</li> <li>Root cause analysis for incidents</li> <li>Emergency/continuity framework</li> </ul>
	Poor workforce culture	<ul style="list-style-type: none"> <li>People, Health and Safety Strategy</li> <li>Psychological health framework</li> <li>Online bullying and harassment training</li> <li>Disability, Diversity, Access and Inclusion Strategy</li> <li>Just Culture framework</li> </ul>
	Poor workforce planning	<ul style="list-style-type: none"> <li>Workforce planning and talent pipeline</li> <li>Capability model</li> <li>Succession planning</li> </ul>

Enterprise risk category	Overview of enterprise risks	Key mitigation strategies
 <p>Management of critical infrastructure</p>	<p>Inability to operate Icon Water’s critical infrastructure/supply services</p>	<ul style="list-style-type: none"> <li>▪ Protective Security Framework and SOCI compliance</li> <li>▪ Asset management systems</li> <li>▪ Emergency Management Plans</li> <li>▪ Growth service plans</li> <li>▪ Scheduled maintenance plan</li> <li>▪ Water and sewer systems strategies</li> </ul>
	<p>Current infrastructure is not adequate for future growth</p>	<ul style="list-style-type: none"> <li>▪ Asset Management Framework</li> <li>▪ Capital Works Program</li> <li>▪ Capital Contribution Scheme</li> <li>▪ Network planning models</li> <li>▪ Icon Water Design and Standards</li> </ul>
 <p>Climate change</p>	<p>Icon Water fails to provide consistent levels of water and wastewater services</p>	<ul style="list-style-type: none"> <li>▪ Source Water Protection Strategy</li> <li>▪ Climate Change Adaptation Plan</li> <li>▪ eMission Possible Plan</li> <li>▪ Circular Economy Plan</li> <li>▪ Enhanced water security via the Integrated Water Management Program</li> <li>▪ Industry collaboration on mitigation approaches</li> <li>▪ Asset management and adaptive planning framework, including asset design standards and guidelines</li> <li>▪ Emergency/continuity preparedness framework/ SOCI including annual Bushfire Operations Plan</li> <li>▪ Leadership commitment through Sustainability and Environment Policy, Business Strategy, and Climate Change Adaptation Plan</li> </ul>
	<p>Icon Water is not adequately reducing greenhouse gas emissions contributing to climate change</p>	<ul style="list-style-type: none"> <li>▪ Climate Change Adaptation Plan</li> <li>▪ Source Water Protection Strategy</li> <li>▪ Sewage System Strategy and Operational Strategy for sewer network</li> <li>▪ Adaptation monitoring and evaluation</li> <li>▪ Circular economy plan</li> <li>▪ Integrated Water Management Program</li> <li>▪ eMission Possible Plan (net zero tool for emission reduction)</li> </ul>

Enterprise risk category	Overview of enterprise risks	Key mitigation strategies
 <p data-bbox="233 533 335 560">Financial</p>	<p data-bbox="459 450 738 539">Inability to maximise our sustainable return to the ACT Government</p>	<ul data-bbox="807 297 1406 689" style="list-style-type: none"> <li>▪ Organisational strategic planning (including asset and strategic management plans, emergency and continuity plans, security plans)</li> <li>▪ Implementation of relevant actions from the strategic review of investment in ActewAGL</li> <li>▪ 2023–28 price submission project</li> <li>▪ Business Strategy (SCI)</li> <li>▪ Strategic management plans</li> <li>▪ Asset management plans</li> <li>▪ Budget and regular reporting</li> <li>▪ Oversight of the energy investment</li> </ul>
 <p data-bbox="165 913 403 940">Information and data</p>	<p data-bbox="459 831 762 920">Icon Water’s systems, information and data is disrupted or compromised</p>	<ul data-bbox="807 725 1406 1028" style="list-style-type: none"> <li>▪ Cyber security operations and frameworks</li> <li>▪ Network security/system access</li> <li>▪ Cyber security strategy</li> <li>▪ Contracts with cyber security clauses</li> <li>▪ IT/OT security standards and system maintenance</li> <li>▪ Emergency and business continuity plans</li> <li>▪ Security Committee</li> <li>▪ Network segmentation</li> </ul>
 <p data-bbox="197 1211 370 1261">Regulation and Government</p>	<p data-bbox="459 1122 775 1249">Icon Water is unable to anticipate and comply with regulatory and governmental requirements</p>	<ul data-bbox="807 1064 1406 1305" style="list-style-type: none"> <li>▪ Project governance</li> <li>▪ Compliance management systems and processes</li> <li>▪ Regulatory reporting processes</li> <li>▪ Ongoing monitoring of legislation obligations and changes</li> <li>▪ Active engagement with industry peers and regulators</li> </ul>
 <p data-bbox="204 1529 363 1579">Customer and community</p>	<p data-bbox="459 1440 751 1563">Customer and community expectations differ from Icon Water’s strategy/objectives</p>	<ul data-bbox="807 1346 1433 1659" style="list-style-type: none"> <li>▪ Brand Strategy</li> <li>▪ Strategic customer engagement program and insights roadmap</li> <li>▪ Community education programs</li> <li>▪ Annual customer service satisfaction survey and KPIs</li> <li>▪ Ongoing customer strategic objectives and initiatives informed by customer insight</li> <li>▪ Reporting on customer satisfaction/expectations/ experience to stakeholders</li> </ul>



FINANCIALS

# FORECAST FINANCIAL STATEMENTS AND KEY FINANCIAL PERFORMANCE MEASURES

## Income Statement year ended 30 June

Icon Water Limited Year ended 30 June	NOTES	2021-22 Actual \$000	2022-23 Forecast \$000	2023-24 Budget \$000	2024-25 Estimate \$000	2025-26 Estimate \$000	2026-27 Estimate \$000
<b>Revenue</b>							
Water business		170,273	173,690	203,313	214,285	226,893	238,101
Sewerage business		130,429	129,398	142,423	153,315	164,435	176,371
Interest income		351	1,867	2,220	2,051	2,195	2,321
Commonwealth subvention		13,132	13,493	13,830	14,176	14,530	14,894
Energy investment		135,801	159,664	64,630	44,784	46,930	69,861
Other revenue		4,907	4,351	4,172	4,319	4,471	4,629
<b>Total revenue</b>		<b>454,893</b>	<b>482,463</b>	<b>430,588</b>	<b>432,930</b>	<b>459,454</b>	<b>506,177</b>
<b>Expenditure</b>							
ACT Government charges		40,733	44,859	49,118	51,776	54,978	57,884
Depreciation		73,647	84,074	85,453	88,811	92,202	96,128
Employment costs		64,363	69,509	77,438	79,149	81,402	83,877
Water operating costs		97,348	121,907	104,731	75,973	79,065	83,800
Impairment		-	-	-	-	-	-
Other expenses		711	738	770	815	840	865
<b>Total expenditure</b>		<b>276,802</b>	<b>321,087</b>	<b>317,510</b>	<b>296,524</b>	<b>308,487</b>	<b>322,554</b>
<b>Earnings before interest tax and contributed assets</b>		<b>178,091</b>	<b>161,376</b>	<b>113,078</b>	<b>136,406</b>	<b>150,967</b>	<b>183,623</b>
Interest expense		82,823	105,042	77,401	78,061	80,057	86,784
<b>Earnings before tax and contributed assets</b>		<b>95,268</b>	<b>56,334</b>	<b>35,677</b>	<b>58,345</b>	<b>70,910</b>	<b>96,839</b>
Contributed assets		13,473	16,847	17,880	18,646	22,488	26,251
<b>Earning before tax</b>		<b>108,741</b>	<b>73,181</b>	<b>53,557</b>	<b>76,991</b>	<b>93,398</b>	<b>123,090</b>
Tax expense		32,731	21,797	16,067	23,097	28,019	36,928
<b>Net profit after tax</b>		<b>76,010</b>	<b>51,384</b>	<b>37,490</b>	<b>53,894</b>	<b>65,379</b>	<b>86,162</b>
Transfer to/(from) retained profits	a	13,474	51,384	17,880	18,646	22,488	26,250
<b>Profits available for dividends</b>	b	<b>62,536</b>	<b>0</b>	<b>19,610</b>	<b>35,247</b>	<b>42,891</b>	<b>59,912</b>

a. The dividend to the ACT Government is based on Icon Water's Profit available for dividends, excluding contributed assets and capital contribution revenue.

b. Icon Water received dividend relief on pre-tax Large-Scale Feed-in-Tariff received from the energy distribution investment for 2022-23.



## Balance Sheet as at 30 June

Icon Water Limited Year ended 30 June	NOTES	2021-22 Actual \$000	2022-23 Forecast \$000	2023-24 Budget \$000	2024-25 Estimate \$000	2025-26 Estimate \$000	2026-27 Estimate \$000
<b>Current assets</b>							
Cash & cash equivalents		89,944	40,549	58,838	59,630	43,535	55,330
Receivables		59,750	61,488	67,189	68,116	69,071	70,054
Other current assets		4,819	5,356	5,356	5,356	5,356	5,356
<b>Total current assets</b>		<b>154,513</b>	<b>107,393</b>	<b>131,383</b>	<b>133,102</b>	<b>117,962</b>	<b>130,740</b>
<b>Non current assets</b>							
Investments in other entities		992,181	1,125,845	1,157,475	1,162,259	1,164,189	1,181,550
Deferred tax assets – non current		22,281	23,643	23,643	23,643	23,643	23,643
Intangible assets		34,494	33,041	31,425	28,436	26,265	24,561
Property, plant & equipment		3,166,436	3,188,295	3,232,224	3,321,516	3,431,311	3,562,634
Investment properties		18,750	18,750	18,750	18,750	18,750	18,750
Other non current assets		4,649	3,425	3,425	3,425	3,425	3,425
<b>Total non current assets</b>		<b>4,238,791</b>	<b>4,392,999</b>	<b>4,466,942</b>	<b>4,558,029</b>	<b>4,667,583</b>	<b>4,814,563</b>
<b>Total assets</b>		<b>4,393,304</b>	<b>4,500,392</b>	<b>4,598,325</b>	<b>4,691,131</b>	<b>4,785,545</b>	<b>4,945,303</b>
<b>Current liabilities</b>							
Accounts payable		51,784	46,273	49,007	52,826	56,396	60,234
Dividends payable		20,390	-	3,922	7,049	8,578	11,982
Tax payable		3,734	1,181	(358)	(348)	(351)	(393)
Borrowings – current	a	-	100,000	2,238	127,853	3,807	483,914
Provisions – current		24,560	24,050	24,050	24,050	24,050	24,050
Other current liabilities		19,789	22,124	22,124	22,124	22,124	22,124
<b>Total current liabilities</b>		<b>120,257</b>	<b>193,628</b>	<b>100,983</b>	<b>233,554</b>	<b>114,604</b>	<b>601,912</b>
<b>Non current liabilities</b>							
Borrowings – non current	a	1,854,670	1,838,407	2,011,105	1,952,693	2,143,569	1,789,769
Deferred tax liabilities		594,215	595,519	595,519	595,519	595,519	595,519
Provisions – non current		13,006	12,265	12,265	12,265	12,265	12,265
Other non-current liabilities		2,533	566	566	566	566	566
<b>Total non current liabilities</b>		<b>2,464,424</b>	<b>2,446,757</b>	<b>2,619,455</b>	<b>2,561,043</b>	<b>2,751,919</b>	<b>2,398,119</b>
<b>Total liabilities</b>		<b>2,584,681</b>	<b>2,640,385</b>	<b>2,720,438</b>	<b>2,794,597</b>	<b>2,866,523</b>	<b>3,000,031</b>
<b>Net assets</b>		<b>1,808,623</b>	<b>1,860,007</b>	<b>1,877,887</b>	<b>1,896,534</b>	<b>1,919,022</b>	<b>1,945,272</b>
<b>Equity</b>							
Capital		758,872	758,872	758,872	758,872	758,872	758,872
Retained profits		260,810	312,194	330,074	348,721	371,209	397,459
Reserves		788,941	788,941	788,941	788,941	788,941	788,941
<b>Net equity</b>		<b>1,808,623</b>	<b>1,860,007</b>	<b>1,877,887</b>	<b>1,896,534</b>	<b>1,919,022</b>	<b>1,945,272</b>

a. As existing debt instruments mature they are reclassified to Current Borrowings.

## Cashflow year ended 30 June

Icon Water Limited Year ended 30 June	NOTES	2021-22 Actual \$000	2022-23 Forecast \$000	2023-24 Budget \$000	2024-25 Estimate \$000	2025-26 Estimate \$000	2026-27 Estimate \$000
<b>Cashflow from operations</b>							
Receipts from customers		328,289	319,814	358,037	385,168	409,374	433,012
Payments to suppliers and employees		(200,038)	(230,917)	(230,524)	(205,934)	(214,446)	(224,525)
Income tax paid		(13,636)	(24,408)	(17,606)	(23,087)	(28,022)	(36,969)
Interest received		307	1,439	2,220	2,051	2,195	2,321
Interest paid		(82,906)	(106,963)	(81,661)	(80,911)	(84,168)	(91,675)
<b>Net cash in/(out)flow from operating activities</b>		<b>32,016</b>	<b>(41,035)</b>	<b>30,466</b>	<b>77,287</b>	<b>84,933</b>	<b>82,164</b>
<b>Cashflow from investing activities</b>							
Joint Venture distributions received		86,000	26,000	33,000	40,000	45,000	52,500
Payments for property, plant and equipment		(66,103)	(83,319)	(100,958)	(140,629)	(161,859)	(182,873)
Proceeds from disposal of property, plant and equipment		62	3	-	-	-	-
Payments for intangibles		(2,433)	(8,831)	(5,971)	(3,458)	(6,967)	(7,044)
Proceeds from sale of intangibles		-	-	-	-	-	-
Proceeds/(payments) for cash investments		-	-	-	-	-	-
<b>Net cash in/(out)flow from investing activities</b>		<b>17,526</b>	<b>(66,147)</b>	<b>(73,929)</b>	<b>(104,087)</b>	<b>(123,826)</b>	<b>(137,417)</b>
<b>Cashflow from financing activities</b>							
Repayment of borrowings		20,267	41,333	(90,166)	7,305	(118,170)	6,307
New borrowings		-	39,787	170,000	55,000	185,000	120,000
Lease payments		(2,827)	(2,943)	(2,394)	(2,594)	(2,670)	(2,751)
Dividends paid		(57,160)	(20,390)	(15,688)	(32,119)	(41,362)	(56,508)
<b>Net cash in/(out)flow from financing activities</b>		<b>(39,720)</b>	<b>57,787</b>	<b>61,752</b>	<b>27,592</b>	<b>22,798</b>	<b>67,048</b>
<b>Net cash movement</b>		<b>9,822</b>	<b>(49,395)</b>	<b>18,289</b>	<b>792</b>	<b>(16,095)</b>	<b>11,795</b>
Opening cash balance		80,122	89,944	40,549	58,838	59,630	43,535
<b>Closing cash balance</b>		<b>89,944</b>	<b>40,549</b>	<b>58,838</b>	<b>59,630</b>	<b>43,535</b>	<b>55,330</b>

## Financial Ratios year ended 30 June

Icon Water Limited Year ended 30 June	NOTES	2021-22 Actual \$000	2022-23 Forecast \$000	2023-24 Budget \$000	2024-25 Estimate \$000	2025-26 Estimate \$000	2026-27 Estimate \$000
<b>Profitability</b>							
Return on total assets	a	4.0 %	3.6 %	2.8 %	3.3 %	3.6 %	4.2 %
Return on equity	b	4.2 %	2.8 %	2.8 %	3.8 %	4.4 %	5.4 %
Profit margin	c	39.1 %	33.3 %	29.8 %	35.6 %	37.3 %	40.8 %
<b>Liquidity</b>							
Current ratio	d	128.5 %	55.5 %	130.1 %	57.0 %	102.9 %	21.7 %
Cash position	e	2.0 %	0.9 %	1.3 %	1.3 %	0.9 %	1.1 %
Receivables turnover	f	8.3	8.5	9.1	9.2	9.7	10.2
<b>Financial stability</b>							
Debt ratio	g	58.8 %	58.7 %	59.2 %	59.6 %	59.9 %	60.7 %
Gearing ratio	h	50.7 %	51.0 %	51.5 %	52.1 %	52.6 %	53.7 %
Capital ratio	i	102.7 %	104.2 %	106.3 %	108.7 %	110.8 %	115.8 %
<b>Debt</b>							
Interest cover ratio	j	2.2	1.5	1.7	2.0	2.2	2.4

### Formula:

<b>Profitability</b>							
Return on total assets	a	$\frac{\text{EBIT (minus interest revenue)}}{\text{Total assets}}$					
Return on equity	b	$\frac{\text{NPAT}}{\text{Total equity}}$					
Profit margin	c	$\frac{\text{EBIT (minus interest revenue)}}{\text{Revenue (minus interest revenue)}}$					
<b>Liquidity</b>							
Current ratio	d	$\frac{\text{Current assets}}{\text{Current liabilities}}$					
Cash position	e	$\frac{\text{Cash + investments}}{\text{Total assets}}$					
Receivables turnover <sup>^</sup>	f	$\frac{\text{Total revenue excludes subvention, interest income and energy investment}}{\text{Average receivables for period (relating to credit sales)}}$					
<b>Financial stability</b>							
Debt ratio	g	$\frac{\text{Total liabilities}}{\text{Total assets}}$					
Gearing ratio	h	$\frac{\text{Total long term debt}}{\text{Long term debt + equity}}$					
Capital ratio	i	$\frac{\text{Total long term debt}}{\text{Equity}}$					
<b>Debt</b>							
Interest cover ratio	j	$\frac{\text{EBIT (before gross interest expense \& excl abn items)}}{\text{Annual interest payments}}$					

d. Debt instruments maturing within 12 months are reclassified to current borrowings causing a drop in current ratio

# FINANCIAL ASSUMPTIONS AND NOTES

The forecasts contained in this document are subject to potentially significant variation arising from factors outside Icon Water's control. These factors are described below.

## Regulatory

Icon Water's revenue targets in the 2023–24 budget and forward estimates are based on the Independent Competition and Regulatory Commission (ICRC) 2023–28 draft pricing decision. Icon Water's response to the draft price direction has been submitted and the final determination is expected to be released in May 2023. As this final pricing decision will occur after the deadline for the 2023–24 budget the forecast position is subject to significant movement to budget once the final price determination has been made. There are related impacts to Icon Water's operating and capital expenditure given the direct linkage to the ICRC's final decision.

## Climatic conditions

Management has assumed average projection\* future weather patterns (incorporating climate change), with a high dam level baseline and drying initial conditions in the catchment, in determining the budget estimates. Variability in climatic conditions may result in material variations to Icon Water's profits through altered water consumption and pumping and treatment costs. Extreme weather events may result in financial losses and impacts to our service levels.

Climate change and consequential impacts to the provision of water and wastewater services, including the potential for more frequent, long drought conditions, blockages and overflows, may result in increased requirements for capital investment in water and sewerage infrastructure assets.

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## ActewAGL operations

ActewAGL Distribution income is based on the Australian Energy Regulator's (AER) final decisions for Energy Networks and the Gas Network (GN) pricing, which conclude in June 2024 and June 2026 respectively.

The large-scale feed-in-tariff continues to have a significant impact to the energy investment performance. Icon Water's estimates are based on the latest ActewAGL Partnerships Board approved long term forecasts in July 2022.

The ActewAGL Retail electricity prices are in line with the electricity pricing decision from the Independent Competition and Regulatory Commission (ICRC) for the period 01 July 2020 to 30 June 2024.

There is an assumption that electricity and gas customer numbers and consumption will continue on current trends, with gas customers declining. Both electricity and gas volumes are also seeing a gradual but continued reduction in consumption.

The energy investment profits may be impacted by external factors including climatic conditions, feed-in-tariff related fluctuations, regulatory outcomes and flow on impacts to achieve net zero emissions by 2045.

## Contributed assets

Icon Water's estimate for contributed assets from developers is based on the historical four-year average. The annual value of contributed assets can vary significantly. The contributed assets revenue is dependent upon the timing of land releases, construction timeframes and the completion period for acceptance into Icon Water's hydraulic network.

The capital contributions code was approved by the ICRC in December 2017, with a full "go-live" commencing on 01 July 2019. Revenue associated with capital contributions is recognised when the infrastructure construction is completed and will vary from year to year in line with construction completion dates.

## Financial markets and capital structure

Icon Water will need to source new debt and/or refinance existing debt in relation to both water and sewerage and energy investment businesses, which will be subject to market interest rates. Icon Water borrows at the ACT Government's AAA credit rating. Icon Water uses interest rate and CPI assumptions provided by the ACT Government in the financing calculations.

## Service contracts

The current Corporate and Customer Services contracts between Icon Water and ActewAGL expire on 30 June 2023. The assumptions for future sourcing and ongoing service provision are based on available estimates at the time of budget development. These may vary as future transition arrangements become more certain.

## Impairment

The budget assumes no impairment or revaluation adjustment of assets. Significant impairment or revaluation adjustments will impact the return on investment of Icon Water.

## Dividend to shareholders

This Statement of Corporate Intent (SCI) is based on the current Dividend Policy of 100% of Net Profit (excluding contributed assets and capital contributions).

\* Average projection is based on the NSW and ACT Regional Climate Modelling project (NARClm 1.5) (<https://climatedata-beta.environment.nsw.gov.au/>)





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**ABN:** 86 069 381 960

## TTY for Hearing Impaired

133 677

## Language assistance

13 14 50, 24 hours

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## Talk to us

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