

2022–23 to 2025–26
**BUSINESS
STRATEGY**
OUR STATEMENT OF CORPORATE INTENT



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.

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RAY HEZKIAL
Managing Director
Icon Water

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 the 2022–23 financial year and beyond.

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.

We have joined the United Nation’s *Race to Zero* with peer water utilities and will keep driving our business to achieve net zero emissions by 2045. Our capacity for innovation will place us in a strong position to reach this goal. Our energy and material resource reuse initiatives will also ensure our ongoing commitment to a circular economy.

Our dam levels are now at 100% following record-breaking wet weather over the last two years. However, we will continue to support increased water literacy and education campaigns to maintain the high level of water conservation that our Canberra community values.

Our vision – *to be a valued partner in our community* – has never been more important than it is now, as we continue to face challenges related to the COVID-19 pandemic, and changing climate conditions.

Our *Let’s Talk Water and Wastewater* engagement program will continue. This is the most significant community engagement program we have undertaken and is supporting us to understand the role the community expects of us. Insights gained through this consultation will support our pricing submission to the Independent Competition and Regulatory Commission’s price review 2023–28.

Over this SCI period, and under one of eight strategic priorities, we will be making the changes required to transition to future service arrangements and supporting our people through this process.

Our vision extends to building genuine and enduring relationships with the local Aboriginal and Torres Strait Islander community. These Traditional Custodians have a deep connection to the water, and waterways, throughout their ancestral lands and we recognise that there is much to be gained from having a greater understanding of their traditional catchment and land management practices.

I would like to take this opportunity to recognise every single person in the business for continuing to perform and provide essential services to the community during exceedingly difficult and trying times. I am extremely proud of the work we do and appreciate the ongoing efforts of our people to look out for others and to keep delivering our services. I am confident that in 2022–23 and beyond we will continue to adapt and respond to emerging issues, to ensure that we maintain our core services to our customers and community.

OUR BUSINESS STRATEGY

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 customer and community engagement



- Customer and community





OUR
BUSINESS

ABOUT US

We are committed to providing a safe and secure water supply and a sustainable wastewater system 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.

Our assets are valued at around \$2.7 billion and include the region'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 wastewater treatment plants, returning around 70 per cent of the water Canberra uses as high quality flows to the Murrumbidgee River to a standard suitable for beneficial reuse downstream. Our reliability, expertise and community focus all mean that we are perfectly placed to provide these essential services.

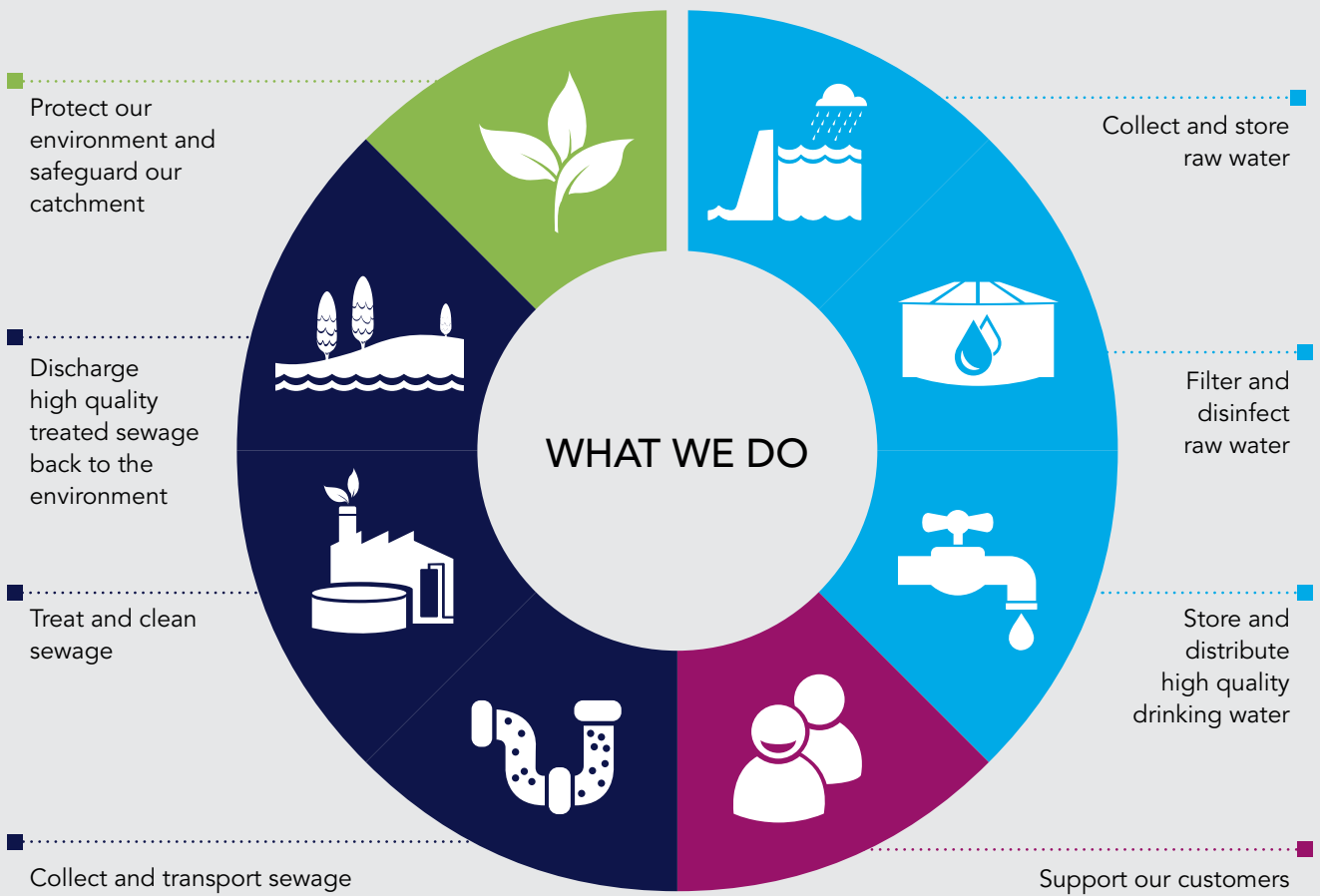
We are unique in Australia as we are a water and wastewater business that also holds a 50 per cent investment in the ActewAGL joint venture which provides energy to the ACT and surrounding region. The value of our investment in the ActewAGL joint venture is approximately \$1.0 billion. Further information on our energy investment is at page 38.

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

- To operate at least as efficiently as any comparable business.
- To maximise the sustainable return to the Territory on its investment in Icon Water and ActewAGL, in accordance with the performance targets in the 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 the strategic priorities which we have identified. 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

431,484

Population reach

181,705

Residential customers

9,879

Non-residential customers

49.3

Gigalitres of water supplied in 2020–21

OUR TEAM

~400

Employees

97%

Employed full-time

21%

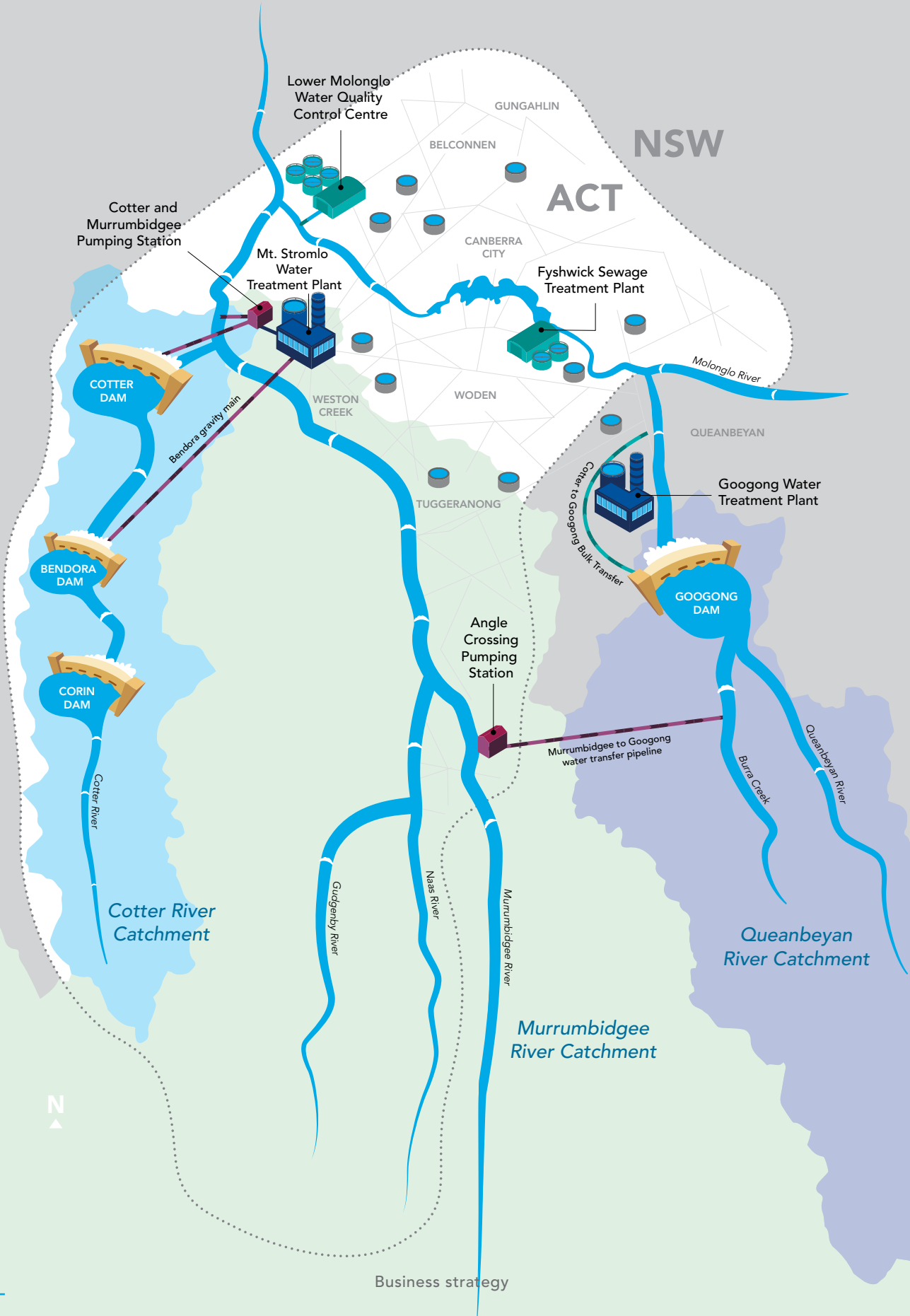
15+ years loyal

44

Average age

OUR NETWORK

(WATER & WASTEWATER)



OUR ASSETS

\$2.7 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 CORE
PURPOSE

To sustain and enhance
quality of life



CORE SERVICES OF QUALITY WATER AND WASTEWATER SERVICES

We support and protect the community and the environment by providing safe, clean drinking water and sustainable wastewater services which are vital 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, who distribute the water to Queanbeyan and 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 2022–23, we will continue to invest in our water and wastewater infrastructure and responsibly manage our precious water resources, for the benefit of generations to come.



WATER SECURITY AND OUTLOOK

We are committed to providing water reliably and sustainably to Canberra and Queanbeyan.

Our focus is always on ensuring long-term water security to support our growing population and to meet the challenges of a changing climate. In response to the millennium drought, the community achieved a significant permanent reduction in water use and we constructed major infrastructure including the enlarged Cotter Dam.

Following two wet years, our storages are currently full and are expected to remain at high levels throughout 2022–23. However, it is only a few years since we experienced the most intense drought in Canberra’s recorded

history from 2017 to 2020. We expect severe droughts to occur more frequently in the future than they have in the past and have identified a number of actions that will be implemented in response to possible future drought events.

Over 2022–23, we will finalise a revised water security assessment, incorporate the lessons from the recent drought into the plan for using our existing sources and continue to embed drought planning activities to ensure we are prepared for future challenges.

SUSTAINABILITY AND ENVIRONMENT

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 the 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 Sustainability 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. We are committed to the United Nations' *Race to Zero* campaign which requires the publication of our pathway to net zero and our annual performance through the Water Services Association of Australia. Our *Climate Change Adaptation Plan* contains actions that build our resilience to the changing environment.

Keeping waste streams out of landfill and reusing waste means fewer greenhouse gases are emitted at source, plus emissions associated with the production of new resources are reduced. 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.





Promises to Care for Water
PRIMARY SCHOOL - Year 1/2

OUR
VISION

To be a valued partner
in our community

CUSTOMER AND COMMUNITY ENGAGEMENT

Through our customer engagement program we have explored what being a valued partner means to our customers and community.

During our engagement, our customers and community members expressed a desire for Icon Water to be more visible in the community. Community and school education initiatives are well received and they want to hear more about what we are doing in and for the community. Educational topics and focus areas include water conservation, recycling and care for elements across the 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 15,000 Canberrans.

This initial series of engagement activities is the first project to be delivered for the program. It was designed to help inform a number of Icon Water's strategic plans and to directly inform the 2023–2028 price proposal to the economic regulator.

Through this initiative, Canberrans told us that they value:

- Reliable water and wastewater services
- Quality drinking water
- Affordable pricing
- Responsive customer service.

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

- There is community support in achieving greater environmental sustainability and accelerating achievement of 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 improving network performance equity.

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

As a valued partner in the community, we will continue to listen and learn from our customers, stakeholders, employees and partners. By engaging with our community we are able to hear their views and concerns, and identify the appropriate responses and solutions. We aim to continue to connect with community members by giving them a voice to help inform our decisions and our role across the broader community.



COMMUNITY EDUCATION

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

If Canberra and Queanbeyan residents 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 youth, to build upon 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.

Due to COVID-19 restrictions, we have developed new types of tours 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 aimed at educating Canberrans about draincare impacts and asking them to think carefully about what they put down the drain or flush down the toilet.

This program was designed to incorporate a phased approach building upon key messages around particular network issues. The first phase of the program focused on not flushing wet wipes down the toilet. The next phase of activity will incorporate messaging around fats and oils poured down drains and sinks and the associated consequences as well as the impacts of period care products on customer plumbing and the network when flushed down the toilet instead of being placed in bins.

Other campaigns will include:

- Financial support – making sure Canberrans know about bill payment assistance programs.
- Drink tap – keeping hydrated and reducing the use of single use plastics.
- Water wise behaviours – a focus on water literacy and permanent water conservation measures.



COMMUNITY SUPPORT

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). Our partnerships are also a key tool to building on 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 who provide valuable community support services and programs, and various community activities which provide and encourage community access and participation.

We will proudly continue supporting Canberra and 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 upon 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	2021–2022 Estimated \$000	2022–2023 Estimated \$000
Hotels COVID-19 rebate	1,583	-
Water services for schools, hospitals, charities and churches or ecclesiastical establishments	1,647	1,647
Sewerage services for schools, hospitals, charities and churches or ecclesiastical establishments	3,424	3,424
In home haemodialysis water and sewerage services	17	17
ACT Civil and Administrative (ACAT) discharges	28	28
TOTAL	6,699	5,116



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



Planning for major end of life assets



Review the corporate service model



Digital strategy



Data governance and management



Sustainability



Strategic customer engagement



WORKPLACE STRATEGIC OBJECTIVE

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

A number of business units support our workplace goals. These include specialist teams working on health and safety, injury management, organisational capability, 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 enhancing safety leadership capability, refreshing our diversity and inclusion program, improving pre-start hazard identification tools and modernising flexible working arrangements.



People, health and safety strategy

A combined People, health and safety strategy has been developed to deliver on the strategic objective to build a safe, innovative and inclusive workplace culture. By combining the strategies, we will continue to build on the achievements of the past as well as ensuring new strategic direction is supported by the business.

The collaboration acknowledges that people and safety share commonality in initiatives and that strong performance in one will typically result in strong performance in the other. In particular, a constructive organisational culture will underpin superior performance in the health, safety and people functions and the development of a cultural change initiative forms part of the overall strategy.

Our continuous improvement processes are described below.

We will support the ongoing development of safety leadership throughout the organisation. We will build on the safety leadership foundations created during the *Switch On* safety engagement program that commenced in 2016 and continues as a foundational

entry course for all employees. The initiative will establish leadership expectations, behaviours and commitments targeted at key risk areas.

A refreshed diversity and inclusion program will be rolled out across our organisation, to create a workplace where the capability of every employee is fully leveraged in a respectful and supportive work environment. Programs currently in place that assist with equity will be modernised. We will also run targeted initiatives to balance out work types that see lower representation of female candidates, particularly STEM, leadership and competency-based roles.

We will utilise fit-for-purpose pre-start hazard identification tools. Over 2022–23, we will enhance our hazards management capability as a critical component of safety in the workplace. This will enable team leaders to provide suitable task pre-start support to workers.

We will also modernise flexible working arrangements. The flexible working arrangements that have been put in place due to the COVID-19 restrictions

present a unique opportunity to drive significant change and have a positive impact on employee engagement and wellbeing. Improving the flexibility arrangements is one of the priority initiatives identified by our Joint Consultative Committee which is comprised of management and workplace representatives. Over 2022–23, a clear vision of flexibility for Icon Water will be determined following broad consultation and a flexibility strategy will be designed and implemented based on the needs of employees and the business.





SUSTAINABLE VALUE STRATEGIC OBJECTIVE

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 at page 38). 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.

A number of business units provide specific support to our goal to deliver sustainable value. These include a range of teams working on capital expenditure projects to renew and grow our networks, operation of our plants,

risk and emergency management, environmental management, and financial and commercial management. This work helps ensure we operate in a sustainable, prudent and efficient manner across all areas of our business.

To achieve our sustainable value objective we will focus on the strategic priorities to enhance sustainability, plan for major end of life assets, implement our digital strategy, improve data management and governance, support the 2023–28 price review and implement a sourcing strategy for corporate and customer services.



Sustainability

Sustainability is at the heart of what we do, and our sustainability actions are highlighted on page 14.

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. The strategy outlines our transition to a lower-carbon economy and positions our business to take advantage of opportunities to contribute to community resilience to climate change.

We will 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 and actions from our circular economy plan to lower energy, materials, waste, water consumption and costs.

We will enhance circular economy. We recognise that operating and maintaining the water and wastewater network produces a range of by-products which were historically 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. This strategy aims to build our resource sustainability capacity with local partners in order to establish a regenerative circular economy.

Through our circular economy plan we will continue to implement actions with key partners to finalise resource recovery trials and establish process changes and enhancements to reduce operational waste disposal to landfill.





Planning for major end of life assets

Under this priority, we will develop long term service strategies ensuring that we continue to deliver sustainable value for the community. The development of these strategies considers changes in the broader environment in which we operate, including those associated with climate, population growth projections and ACT and regional strategic planning.

A significant proportion of the ACT's water and wastewater infrastructure was constructed in the 1960s and upgrades to these important assets are integral to maintaining service levels for our customers. While our assets are currently in an acceptable condition, capacity upgrades are required to ensure that our service levels do not deteriorate over the longer-term.

We also have investment projects underway to ensure we continue to comply with regulatory requirements and to deliver efficiencies in our operations as the ACT grows.

We have identified future constraints and opportunities within our wastewater system. We have a strategic focus on early planning for key assets which are expected to reach end of life or capacity within the medium-term planning horizon (15–20 years). This provides an opportunity to review the function of these assets and how they operate together to deliver services. This includes:

- reviewing the Fyshwick Sewage Treatment Plant to increase opportunities for resource recovery, and minimise trunk sewer upgrades

- considering the technology available for biosolids treatment, and potential opportunity to enhance ACT waste management
- reviewing technology available for disinfection to decrease use of potentially hazardous material
- reviewing secondary treatment capability and optimise for total system energy use.

These opportunities are being considered together as there are inter-dependent decisions. This will mean we can plan a system which will meet the needs of the ACT and run efficiently while minimising environmental impacts.



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 2022–23, 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 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. This strategy will also serve to underpin key decisions made 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 to deliver ongoing management of a reliable water and wastewater network we need decision-making that is informed by trusted, timely and reliable data. This strategy aims to deliver the data governance frameworks, infrastructure and tools for the collection, processing and analysis of our field, customer and corporate data. This will make data more readily accessible and reliable; empowering critical real-time business decisions.

During 2022–23, we will implement an enterprise data governance and management framework, deliver a scalable enterprise data platform and analytics capability, and continue implementation of cyber security controls to ensure data security.

2023–28 price review

Each regulatory period, 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 next price direction will be for the period 1 July 2023 to 30 June 2028. The process formally commenced in December 2021 when the ACT Treasurer released the terms of reference for the 2023–28 price review.

Through the 2023–28 price review priority, we are seeking an outcome that will allow us to balance customer values and experience – for affordability, reliability, quality, safety, water security and sustainability. This is reflected in our approach to the price proposal for the 2023–28 regulatory period. Our price proposal is evidence-based, and our position informed by customer and community insights gained through our strategic customer engagement priority.

During 2022–23, we will continue to engage in a meaningful way with our various regulators throughout the price review process. This will include developing a revised price proposal in late 2022, in response to the draft ICRC price direction.

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, so we can continue to provide high quality, affordable water and wastewater services to our customers.

During 2022–23, we will implement and deliver our corporate and customer services in preparation for the expiry of the existing service contracts 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

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 need to make it easier for our customers to interact with us.

All of our staff are involved in supporting our customer aspirations, whether they serve internal customers, or directly or indirectly serve our valued external customers. In particular, our external customers are served by a number of specialist teams responsible for maintaining our water and wastewater networks, working with developers to grow the networks, ensuring efficient and effective account management, and working with our community partners.

In order to achieve our customer objective, we will improve 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 insight 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 2022–23, we will continue our principles-based approach to engagement, continue building water and wastewater literacy and embed our customer segmentation model into our systems design.

We will streamline the billing experience. We aim to achieve this by continuing to improve our data management, analytics and reporting as well as introducing process improvements to support better billing outcomes for our customers. In addition, we will continue to explore opportunities to minimise customer effort required

to interact with us and make adjustments based on customer feedback and needs.

During 2022–23, 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 2022–23, we will update our processes and systems that support the complaints journey based on our ongoing learning about this experience and the opportunities for improvement.

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 makes it easy for customers to report problems, resolve issues, and comply with our standards and guidelines in order to help us protect our network. Through this strategy we will understand and benchmark the current technical services' journeys and identify opportunities 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 2022–23, we will redefine the faults and emergency experience, progress a high-risk based network protection process and continue planning for updated systems and information that will support the development and building journey.



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 a range of 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, wastewater 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 wastewater information under part 7 of the *Water Regulation 2008* (collected by the Bureau of Meteorology)
- providing water and wastewater 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 2023)	
Build a culture that values safety, innovation and inclusiveness	High Severity Incident (HSI)	Zero incidents	
	Total Recordable Injury Frequency Rate (TRIFR)	≤10	
	Safety culture	Maintain the high levels of employee perceptions of organisational and manager commitment to health and safety	
	Gender diversity		Improved proportion of females in non-traditional roles
			Maintenance and or improvement of proportion of females in the leadership group
	Employee engagement		Decreased rate of unplanned absenteeism Re-baseline of organisational measurement of engagement
Wellbeing and mental health		Improved average number of annual leave days taken each year per employee	

Strategic objective	Performance indicators	Targets (30 June 2023)
Deliver sustainable value for our community and shareholders	Water quality	Nil non-compliance with the Public Health (Drinking Water) Code of Practice 2007 (ACT)
	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 effluent discharge requirements, environmental authorisations and agreements
	Greenhouse gas emissions	Reduction in net CO ₂ -e greenhouse gas emissions from activities consistent with interval targets in the ACT Climate Strategy
	% total waste recycled or reused	Increase the % of total waste recycled or reused
	Shareholder return	\$15.6m (profits available for dividends)
	Earnings Before Interest and Tax (Water and Energy)	\$117.9m
	Capital expenditure	+/-10% of \$88.1m*
	Gearing	Less than or equal to 60%
Enhance the customer experience	Customer satisfaction	90% of annual survey participants are satisfied with our overall service
	Easy to deal with (Customer Effort Score)	5% improvement on 2021–22 result
	Community perception of Icon Water	Maintain result above 65
	Water supply experience	No. of unplanned water interruptions greater than 12 hours
		Average duration of an unplanned interruption – water (minutes): 111–150
	Wastewater service experience	No. of sewer overflows inside customer properties less than or equal to 15
More than 95% of sewerage chokes responded to within 6 hours		

* excluding capitalised interest and developer funded component of capital contribution scheme projects





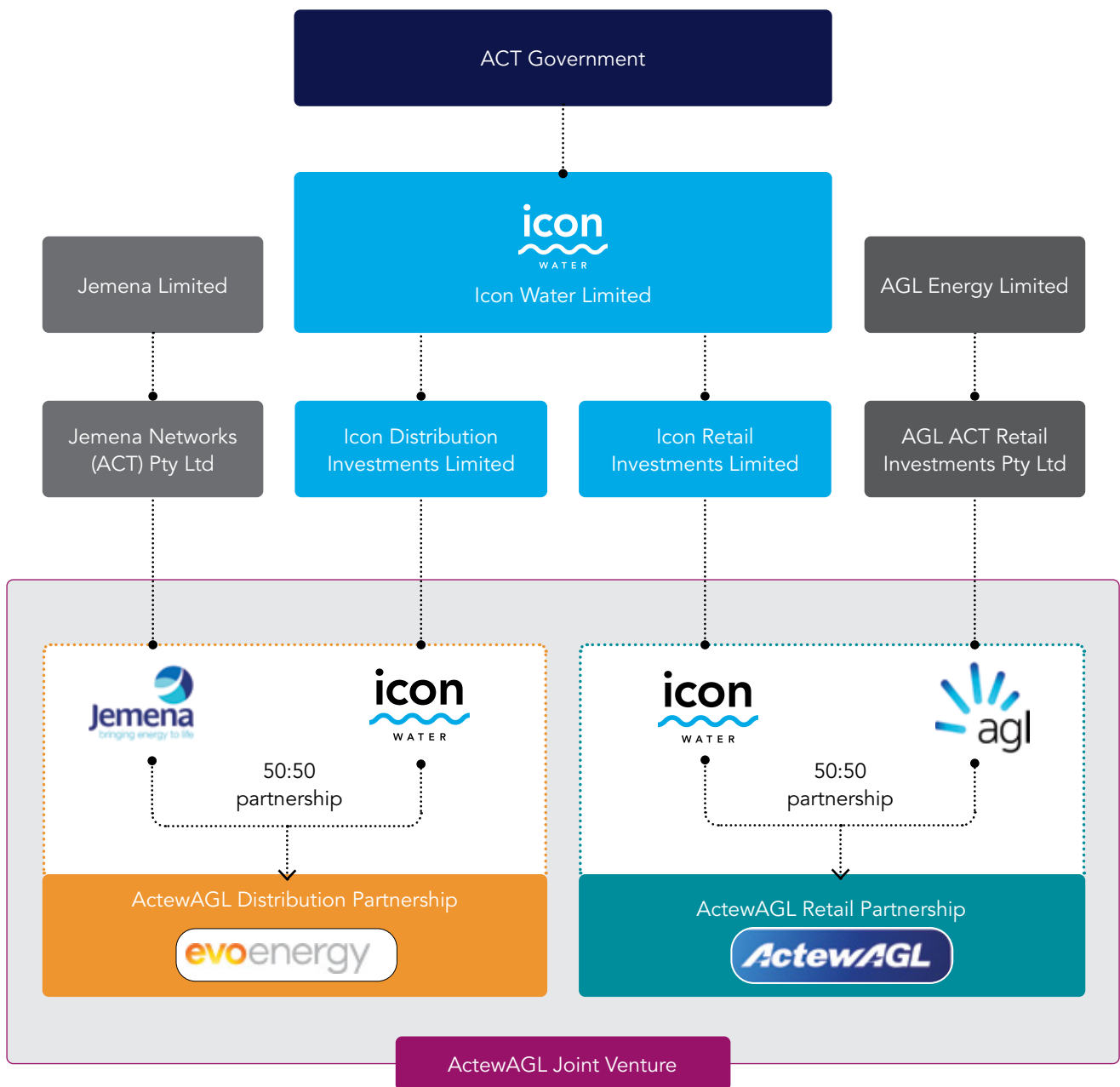
**SUPPORTING
INFORMATION**

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.

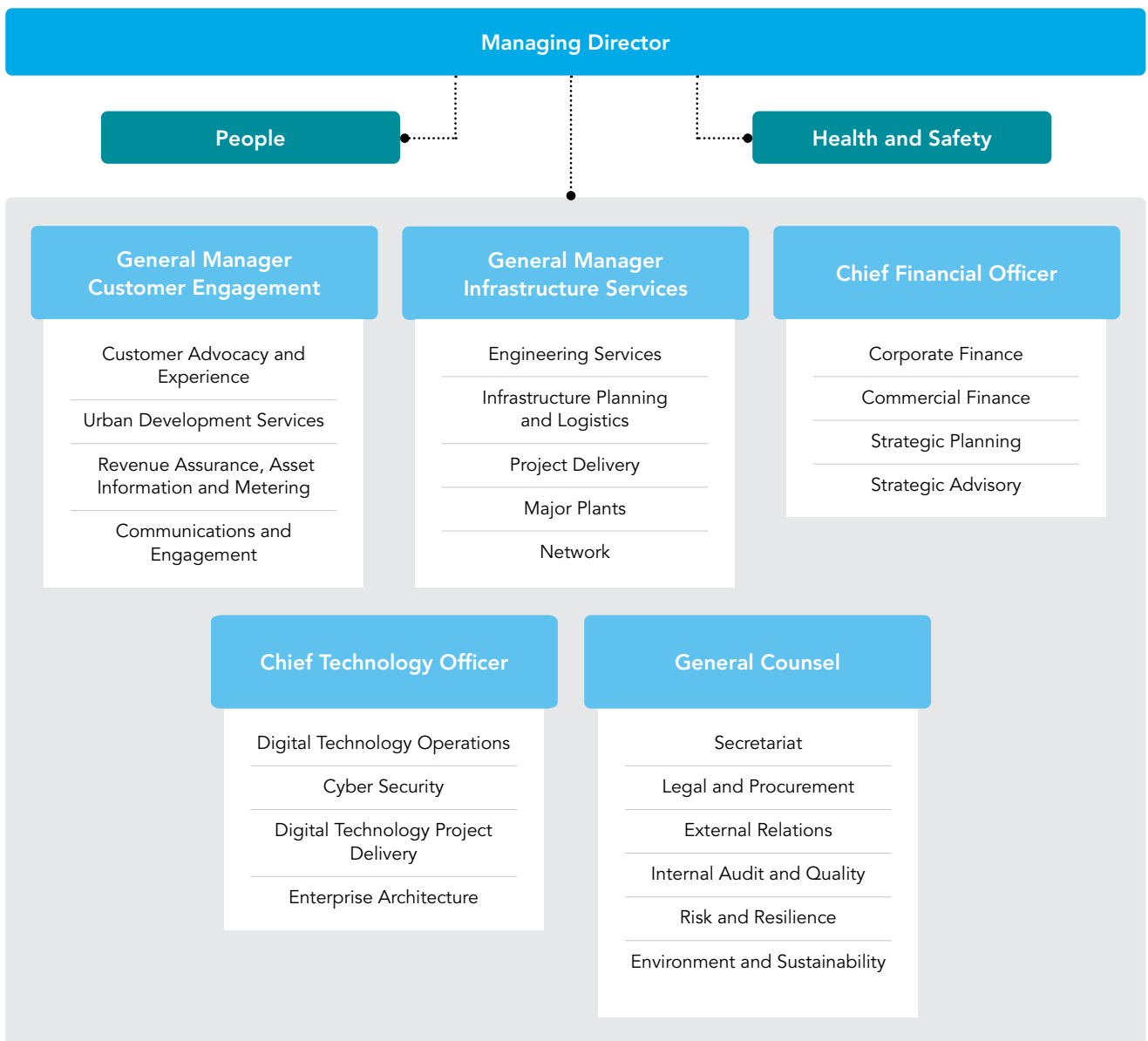
Our Directors bring valuable skills and diversity to the governance and strategic oversight of Icon Water, and challenge management to strengthen Icon Water's organisational culture and safety leadership.



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 five groups, each led by an executive. As at April 2022, we have 410 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

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; and
- 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 focussed on continuing to deliver affordable energy services to its existing customers whilst acknowledging the need to continue to evolve its offerings in line with; broad community expectations, ambitions regarding sustainable energy, 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 is actively working on a range of initiatives to support and promote efficient and sustainable energy use in the ACT and surrounding regions. These include:

- Providing energy saving tips and advice to residential and business customers.
- Providing financial incentives to residential and business customers to upgrade older, less energy efficient appliances and lights.
- Supporting low-emissions transportation via a network of electric vehicle charging stations across the ACT as well as the recently completed hydrogen vehicle refuelling station which will initially support a fleet of 20 ACT Government hydrogen powered vehicles.
- Continued investigation of various scenarios to achieve net zero emissions by 2045, including phasing out fossil-fuel gas and the likely need to make significant investments in the electricity network to support increased demand in the future.

CAPITAL WORKS

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

These projects support the growth in the ACT and region (augmentation 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 these drivers.

AUGMENTATION	We have upgrades underway to augment the Belconnen trunk sewer to meet population growth in Belconnen and Gungahlin. This project will continue construction in 2022–23.	\$33m Indicative total cost with completion in 2022–23
	We are currently evaluating options to increase the capacity and effectiveness of Lower Molonglo Water Quality Control Centre (LMWQCC) Secondary Treatment Bioreactors. This part of the treatment plant removes nitrogen from wastewater, and is nearing capacity limits with population growth in the ACT. This project is being considered as part of the Major End of Life Assets priority initiative.	\$200–300m Indicative total cost with completion in 2028
RENEWAL	We are undertaking a renewal of high voltage electrical supply infrastructure at LMWQCC. This is replacing critical end of life assets which were installed in the late 1970s.	\$45m Indicative total cost with completion in 2023–24
	We are currently planning the renewal of the chemical disinfection system at LMWQCC. This system is critical to treat the discharge from the plant to comply with environmental licence conditions. This critical system is required to treat the discharge from the plant and comply with environmental licence conditions.	\$6m Indicative total cost with completion in 2025
	In addition to upgrading treatment processes at LMWQCC, we also need to upgrade and refurbish the staff amenities at LMWQCC. These facilities need 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.	\$6m Indicative total cost with completion in 2023–24
	We have an ongoing program of work to replace a proportion of our water meters, water mains and sewer mains every year. This program is targeted to mains with evidence of deterioration including corrosion or a history of blockages, and water meters which have failed or are nearing the end of their service life.	\$15m Indicative cost per year
	The detailed design is underway on the Cotter Pump Station Upgrade project. This project seeks to improve the reliability and efficiency of water abstraction from the 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.	\$26m Indicative total cost with completion in 2024–25
	We have an ongoing Digital Strategy 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. We also continue to develop capability that meets regulatory and legislative requirements such as the ACT Government Managing Buildings Better reforms and Security of Critical Infrastructure Act 2018.	~\$60m Indicative cost for ICT investment to 2027–28
	We are replacing reservoirs or major components (such as roofs or purlins) on several service reservoirs constructed in the late 1950s and early 1960s. In 2022 we will be working on the O'Connor Reservoir which supplies water to North Canberra and in 2023 we will start work on a reservoir which supplies water to Central Canberra. These projects ensure that we can maintain public and worker safety, and water quality.	\$20m Indicative total cost with completion in 2024–25
LMWQCC biosolids management renewal project is required to ensure long term servicing and treatment of biosolids as our city grows and existing infrastructure ages. We are currently assessing treatment solutions based on available technologies and Canberra's long-term needs. Indicative costs are likely to be impacted by selected technology and will provide servicing for predicted population for 2035.	\$182m Indicative cost for first stage commissioning in 2032	
REGULATION	We are upgrading ICT architecture and security to ensure compliance with the <i>Security of Critical Infrastructure Act (2021)</i> . We are currently assessing the impact of the SOCI Act on our protective security for critical assets to determine the extent of any upgrades required.	~\$4m Indicative cost (ICT upgrades only)



CASE STUDY

Lower Molonglo Water Quality Control Centre

The Lower Molonglo Water Quality Control Centre (LMWQCC) is Canberra's main wastewater treatment plant and the largest inland treatment facility in Australia. It was constructed in the 1970s and is now in its sixth decade of operation meaning some elements of the plant need renewal or upgrades.

Each day the plant:

- Treats an average of around 100 million litres of wastewater
- Recycles an average of 5.5 million litres of wastewater
- Removes approximately 1 million litres of sludge from the process for dewatering and thermal treatment
- Produces approximately 12.6 tonnes of Agri-ash.

LMWQCC uses physical, chemical and biological treatment processes to remove solids, nutrients and pathogens from the raw sewage. These processes ensure the effluent we produce is suitable for discharge to the environment and ensures we meet our effluent discharge licence requirements.

LMWQCC's treatment process ensures that water discharged into the Molonglo River is within acceptable ranges to protect public health and the environment. Treated water from LMWQCC plays an important role in keeping local rivers flowing and supporting aquatic life.

In addition to treating the liquid waste at LMWQCC we also treat wastewater solids such as sludge, screenings and grit. These are thermally treated to produce a soil conditioner called Agri-Ash, which is applied to land to improve soils.

As the Canberra population increases, our treatment processes also need to grow so we can continue to treat all wastewater to the required standards. As such, over the next ten years we will be upgrading a number of the major treatment components of LMWQCC including the secondary treatment bioreactors, our biosolids treatment facility and our disinfection system. These projects will ensure that we continue to protect the environment and contribute to further beneficial reuse from the plant.

CASE STUDY

Belconnen trunk sewer projects

We are currently upgrading the Belconnen trunk sewer, which was built in the 1960s and is a critical element of the Belconnen sewer network which serves Belconnen, Gungahlin and Hall. This project is important to ensure that we can continue to provide services for generations to come. The project is expected to cost ~\$30 million and works will be completed in 2023–24.

The project consists of:

- installing approximately 2.4km of sewer pipe (a combination of trenching and underground boring, and constructing a 170m long pipe bridge to cross Ginninderra Creek)
- installing 18 sewer manholes and four odour control units (OCUs)
- restoring all impacted areas using native plantings where appropriate.

The OCUs will be constructed within public lands in Latham, Florey, Evatt and North Latham. OCUs are a vital part of the sewer network as they protect the pipes from corrosion and reduce odour through filtration and ventilation. Ventilation using an OCU extends the life of a sewer and also reduces the amount of maintenance that the pipeline needs which allows us to more efficiently manage the existing network. The filters used in the OCU and ventilation stacks absorb gases such as hydrogen sulphide, which is a common source of odour from wastewater systems.

We've worked closely with the community and environmental groups. Feedback has been incorporated in determining the alignment of the Latham OCU and how areas may be revegetated to enhance pre-existing ecological value. Where trees are required to be removed for construction of the OCUs, they will be replaced at a ratio of 2:1.





RISK MANAGEMENT





Good governance involves effective risk management. This provides the foundation for our operations.

We have a responsibility to comply with the law, establish effective arrangements to direct and control our business and manage risk. To achieve this, we are committed to identifying, analysing and continually reviewing risks which impact our ability to achieve our objectives.

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 key risks	Key mitigation strategies
 <p>Safety</p>	<p>Key risk relates to Icon Water keeping its workers or public safe</p>	<ul style="list-style-type: none"> People, health and safety strategy Lifesaving commitments Safety management system Asset engineering and inspections Remote monitoring and control systems Maintenance strategy Emergency and business continuity plans Supervision/management framework
 <p>Management of critical infrastructure</p>	<p>Key risks include:</p> <ul style="list-style-type: none"> Inability to operate Icon Water's critical infrastructure Critical infrastructure failure Infrastructure is not adequate for future growth 	<ul style="list-style-type: none"> Water and sewer systems strategies Growth service plans Asset condition assessment and renewal Emergency and business continuity plans Protective security measures Scheduled maintenance plan
 <p>Climate change</p>	<p>Key risks include:</p> <ul style="list-style-type: none"> Failure to provide consistent levels of water and wastewater services Inadequate reduction of greenhouse gas emissions contributing to climate change 	<ul style="list-style-type: none"> Source water strategy and water conservation response/drought management plans Asset management and adaptive planning framework Climate change adaptation plan Net zero emissions plan Circular economy strategy Industry collaboration
 <p>Financial</p>	<p>Key risk relates to an inability to maximise our sustainable return to the ACT Government</p>	<ul style="list-style-type: none"> Business strategy Strategic management plans Asset management plans Budget and regular reporting Oversight of the energy investment Price review preparations Implement the new corporate services delivery model

Enterprise risk category	Overview of key risks	Key mitigation strategies
 <p>Information and data</p>	<p>Key risk relates to Icon Water's systems, information and data being disrupted or compromised</p>	<ul style="list-style-type: none"> ▪ Network security/system access ▪ Cyber security operations and frameworks ▪ Availability and performance monitoring ▪ Emergency and business continuity plans ▪ Security Committee ▪ Network segmentation
 <p>Regulation/ Legislation/Government</p>	<p>Key risk relates to Icon Water being unable to anticipate and comply with regulatory, legislative and governmental requirements</p>	<ul style="list-style-type: none"> ▪ Project governance ▪ Compliance management systems and processes ▪ Price review preparations ▪ Regulatory reporting processes
 <p>Customer and community</p>	<p>Key risk relates to customer and community expectations differing from Icon Water's strategy and objectives</p>	<ul style="list-style-type: none"> ▪ Customer insights roadmap ▪ Regular customer satisfaction surveys ▪ Strategic customer engagement program ▪ Community forums
 <p>People and Culture</p>	<p>Key risk relates to workplace culture</p>	<ul style="list-style-type: none"> ▪ People, Health and Safety Strategy ▪ Engagement surveys ▪ Change management capability ▪ Workplace dashboarding



FINANCIALS

FORECAST FINANCIAL STATEMENTS AND KEY FINANCIAL PERFORMANCE MEASURES

Income Statement year ended 30 June

Icon Water Limited Income Statement Year ended 30 June	NOTES	2020–21 Actual \$000	2021–22 Estimated Outcome \$000	2022–23 Budget \$000	2023–24 Estimate \$000	2024–25 Estimate \$000	2025–26 Estimate \$000
Revenue							
Water business		176,877	181,068	192,409	201,487	210,470	219,835
Wastewater business		131,086	130,222	130,616	136,511	142,159	148,047
Interest income		218	249	689	1,244	1,334	1,324
Commonwealth subvention		12,900	13,132	13,493	13,864	14,245	14,637
Energy investment		41,539	85,621	70,892	80,143	72,995	72,097
Other revenue		10,852	3,813	3,606	3,715	3,828	3,944
Total revenue		373,471	414,104	411,704	436,965	445,031	459,885
Expenditure							
ACT Government charges		42,049	41,985	46,745	49,100	51,501	54,015
Depreciation		69,897	74,634	76,617	78,912	81,724	85,013
Employment costs		57,453	64,959	67,929	68,190	69,471	71,181
Water operating costs		77,425	95,875	117,901	104,260	84,495	87,099
Impairment		-	-	-	-	-	-
Other expenses		719	722	762	781	801	821
Total expenditure		247,542	278,175	309,954	301,243	287,990	298,128
Earnings before interest tax and gifted assets		125,929	135,929	101,750	135,722	157,041	161,757
Interest expense		56,988	76,010	72,304	71,994	73,029	74,268
Earnings before tax and gifted assets		68,941	59,919	29,446	63,728	84,012	87,489
Contributed assets		25,563	14,000	16,846	16,400	17,911	17,999
Earning before tax		94,504	73,919	46,292	80,128	101,923	105,488
Tax expense		27,665	22,097	13,888	24,038	30,577	31,646
Net profit after tax		66,839	51,822	32,405	56,090	71,346	73,842
Transfer to/(from) retained profits	a	25,711	14,000	16,846	16,400	17,911	17,999
Profits available for dividends		41,127	37,822	15,558	39,690	53,435	55,842

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

Balance Sheet as at 30 June

Icon Water Limited Balance Sheet as at 30 June	NOTES	2020–21 Actual \$000	2021–22 Estimated Outcome \$000	2022–23 Budget \$000	2023–24 Estimate \$000	2024–25 Estimate \$000	2025–26 Estimate \$000
Current assets							
Cash & cash equivalents		80,122	76,169	49,180	53,758	58,891	60,981
Receivables		62,365	62,877	61,547	62,265	63,000	63,754
Other current assets		4,337	4,643	4,643	4,643	4,643	4,643
Total current assets		146,824	143,689	115,370	120,666	126,535	129,378
Non-current assets							
Investments in other entities		967,944	987,564	1,008,956	1,013,099	1,013,594	1,022,691
FITB – non current		18,105	18,105	18,105	18,105	18,105	18,105
Intangibles assets		41,143	40,226	42,278	41,524	40,358	40,729
Property, plant & equipment		2,736,073	2,766,020	2,798,485	2,883,206	2,945,811	3,003,276
Investment properties		18,750	18,750	18,750	18,750	18,750	18,750
Other non current assets		5,458	4,203	2,969	2,250	2,250	2,250
Total non current assets		3,787,472	3,834,869	3,889,543	3,976,935	4,038,868	4,105,801
Total assets		3,934,296	3,978,558	4,004,913	4,097,601	4,165,402	4,235,179
Current liabilities							
Accounts payable		50,366	44,939	47,675	48,745	50,872	52,624
Dividends payable		15,072	7,564	3,112	7,938	10,687	11,168
Tax payable		(4,249)	(2,441)	(3,831)	(3,824)	(3,811)	(3,824)
Borrowings – current	b	-	-	100,856	1,366	126,834	2,768
Provisions – current		23,308	24,506	24,506	24,506	24,506	24,506
Other current liabilities		16,185	19,660	19,660	19,660	19,660	19,660
Total current liabilities		100,682	94,228	191,977	98,390	228,748	106,902
Non current liabilities							
Borrowings – non current	b	1,832,198	1,869,033	1,780,793	1,950,668	1,870,199	2,043,822
Deferred tax liability		463,291	465,597	465,597	465,597	465,597	465,597
Provisions – non current		8,203	7,264	7,264	7,264	7,264	7,264
Other non-current liability		4,646	3,160	3,160	3,160	3,160	3,160
Total non current liabilities		2,308,338	2,345,054	2,256,813	2,426,689	2,346,220	2,519,843
Total liabilities		2,409,020	2,439,281	2,448,790	2,525,079	2,574,968	2,626,746
Net assets		1,525,276	1,539,276	1,556,123	1,572,523	1,590,434	1,608,433
Equity							
Capital		758,872	758,872	758,872	758,872	758,872	758,872
Retained profits		247,279	261,279	278,125	294,525	312,437	330,436
Reserves		519,126	519,126	519,126	519,126	519,126	519,126
Total equity		1,525,276	1,539,276	1,556,123	1,572,523	1,590,434	1,608,433

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

Cashflow year ended 30 June

Icon Water Limited Cashflow Year ended 30 June	NOTES	2020–21 Actual \$000	2021–22 Estimated Outcome \$000	2022–23 Budget \$000	2023–24 Estimate \$000	2024–25 Estimate \$000	2025–26 Estimate \$000
Cashflow from operations							
Receipts from customers		331,791	329,063	343,453	354,860	369,967	385,710
Payments to suppliers & employees		(177,316)	(202,191)	(233,337)	(222,331)	(206,267)	(213,115)
Income tax paid		(17,135)	(17,983)	(15,278)	(24,031)	(30,564)	(31,659)
Interest received		223	249	689	1,244	1,334	1,324
Interest paid		(58,333)	(76,656)	(74,188)	(74,248)	(75,302)	(77,128)
Net cash in/(out)flow from operating activities		79,229	32,481	21,339	35,494	59,168	65,132
Cashflow from investing activities							
JV distribution received		30,750	66,000	49,500	76,000	72,500	63,000
Payments for property, plant and equipment		(88,429)	(79,916)	(63,574)	(132,004)	(107,084)	(101,414)
Proceeds from disposal of PP&E		35	-	-	-	-	-
Payments for intangibles		(4,357)	(8,321)	(21,412)	(5,686)	(8,940)	(13,933)
Proceeds from sale of intangibles		-	-	-	-	-	-
Proceeds / (payments) for cash investments		-	-	-	-	-	-
Net cash in/(out)flow from investing activities		(62,002)	(22,236)	(35,486)	(61,690)	(43,523)	(52,346)
Cashflow from financing activities							
Repayment of borrowings		(2,543)	14,086	10,301	(91,072)	8,547	(116,879)
New borrowings		49,835	20,000	-	160,000	35,000	165,000
Lease payments		(3,250)	(2,956)	(3,133)	(3,290)	(3,372)	(3,457)
Dividends paid		(30,182)	(45,329)	(20,011)	(34,863)	(50,686)	(55,361)
Net cash in/(out)flow from financing activities		13,859	(14,198)	(12,843)	30,774	(10,511)	(10,697)
Net cash movement		31,086	(3,953)	(26,989)	4,578	5,133	2,089
Opening cash balance		49,036	80,122	76,169	49,180	53,758	58,891
Closing cash balance		80,122	76,169	49,180	53,758	58,891	60,981

Financial Ratios year ended 30 June

Icon Water Limited Financial Ratios Year ended 30 June	Notes	2020–21 Actual \$000	2021–22 Estimated Outcome \$000	2022–23 Budget \$000	2023–24 Estimate \$000	2024–25 Estimate \$000	2025–26 Estimate \$000
Profitability							
Return on Total Assets	a	3.2 %	3.4 %	2.5 %	3.3 %	3.8 %	3.8 %
Return on Equity	b	4.4 %	3.4 %	2.1 %	3.6 %	4.5 %	4.6 %
Profit Margin	c	33.7 %	32.8 %	24.7 %	30.9 %	35.3 %	35.1 %
Liquidity							
Current Ratio	d	145.8 %	152.5 %	60.1 %	122.6 %	55.3 %	121.0 %
Cash Position	e	2.0 %	1.9 %	1.2 %	1.3 %	1.4 %	1.4 %
Receivables Turnover	f	8.4	8.4	8.8	9.2	9.5	9.8
Financial Stability							
Debt Ratio	g	61.2 %	61.3 %	61.1 %	61.6 %	61.8 %	62.0 %
Gearing Ratio	h	54.6 %	54.9 %	54.8 %	55.4 %	55.7 %	56.0 %
Capital Ratio	i	120.4 %	121.6 %	121.1 %	124.3 %	125.8 %	127.4 %
Debt							
Interest Cover Ratio	j	2.2	1.8	1.4	1.9	2.2	2.2
Formula:							
Profitability							
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	$\frac{\text{EBIT (minus interest revenue)}}{\text{Revenue (minus interest revenue)}}$					
Liquidity							
Current Ratio	d	$\frac{\text{Current assets}}{\text{Current liabilities}}$					
Cash Position	e	$\frac{\text{Cash + investments}}{\text{Total assets}}$					
Receivables Turnover [^]	f	$\frac{\text{Total revenue excludes subvention, interest income and energy investment}}{\text{Average receivables for period (relating to credit sales)}}$					
Financial Stability							
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	$\frac{\text{Total long term debt}}{\text{Equity}}$					
Debt							
Interest Cover Ratio	j	$\frac{\text{EBIT (before gross interest expense \& excl abn items)}}{\text{Annual interest payments}}$					



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 2022–23 budget are based on the Independent Competition and Regulatory Commission (ICRC) 2018–23 final pricing decision, adjusted for the consumer price index (CPI). The budget prices for 2023–24 (the first year of the next Regulatory Period) are prior year prices adjusted for CPI. This pricing assumption is subject to change following the ICRC 2023–28 price direction. It assumes no changes to the current regulatory period values for capital or operating expenditure, demand, nor to the Weighted Average Cost of Capital (WACC) in the next regulatory period (2023–28). Pricing is sensitive to such changes and movement in any of these elements in the next regulatory period may result in a movement to the budgeted revenue outcome for 2023–24 onwards. The ICRC's final pricing decision for 2023–28 will be made in May 2023.

Climatic conditions

Management has assumed average projection* future weather patterns (incorporating climate change) with a high dam level baseline and wet 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 delays in operations.

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.

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 ActewAGL Retail electricity prices are in line with the electricity pricing decision from the Independent Competition and Regulatory Commission (ICRC) for the period 1 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 average consumption per consumer.

The energy investment profits may be impacted by external factors including climatic conditions, feed in tariff 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 1 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. The budget assumes revenue recognition commencement from 2022–23.

Financial markets and capital structure

Icon Water will need to source new debt and/or refinance existing debt, which will be subject to market interest rates. Icon Water borrows at the ACT Government's AAA credit rating.

Service contracts

The current Corporate and Customer Services contracts between Icon Water and ActewAGL expire in 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 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.

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 (NARClIM 1.5) (<https://climatedata-beta.environment.nsw.gov.au/>)

Principal Registered Office

Level 5, ActewAGL House
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Mitchell Office

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Mitchell ACT 2911

Postal address

Icon Water
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Canberra ACT 2601

ACN: 069 381 960

ABN: 86 069 381 960

TTY for Hearing Impaired

133 677

Language assistance

13 14 50, 24 hours

للحصول على مساعدة لغوية، اتصل بالرقم أعلاه

如需语言方面的协助，请拨打上述号码

برای کمک زبانی به شماره بالا تلفن کنید

மொழிமொழிபாணி உதவிற்கு மேலே உள்ள தலைகீழை அழைக்கவும்

Nếu cần thông dịch viên, hãy gọi đến số trên đây

Talk to us

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