



## Icon Water infrastructure investments and customer pricing

Icon Water invests in infrastructure on behalf of customers. The water and wastewater bills that you pay contribute to this important infrastructure. This factsheet provides information on how this process works.

### How does Icon Water's customer pricing work and what does my bill cover?

Your bill is made up of two parts:

1. A fixed **supply charge** that you pay regardless of how much water you use. There is a fixed charge for the supply of water to you and a fixed charge to take away the wastewater.
2. A **consumption charge** that is calculated based on how much water you use.

These charges cover the costs of operating the water and wastewater systems, including:

- **Icon Water operational costs** to run our treatment plants, network equipment and maintain and repair our infrastructure.
- **Capital costs for projects** to upgrade the systems or replace infrastructure.

### How are customer prices set?

Our prices are independently set by our economic regulator, the Independent Competition and Regulatory Commission (ICRC). This process ensures customer prices are no higher than what is needed to deliver safe, reliable services at an efficient cost to our community.

Every five years, we submit a price proposal to the ICRC that describes the investments we need to make over the next five-year period. The ICRC makes sure our proposed costs are prudent (the expenditure is needed) and efficient (the project is delivered with the best value for money).

As part of this process, we speak with the community about their values and expectations in terms of the water and wastewater services. This includes things like sustainability initiatives, customer service levels, projects to ensure our water security, other infrastructure projects, and our prices.

The ICRC sets Icon Water's prices by adding up the approved costs for the five years and dividing them by the number of customers and their expected water usage.

There are several steps involved in this price determination process that are outlined below:



Our community engagement results are available on our website ([letstalk.iconwater.com.au/price-review-2023-28](https://letstalk.iconwater.com.au/price-review-2023-28)) as is our price proposal submitted to the ICRC in June 2022 ([iconwater.com.au/priceproposal](https://iconwater.com.au/priceproposal)).

Our prices have been determined for the five years of 1 July 2023 to 30 June 2028. More information is available on the ICRC's website ([icrc.act.gov.au/water-and-sewerage/regulated-water-and-sewerage-services-prices202328](https://icrc.act.gov.au/water-and-sewerage/regulated-water-and-sewerage-services-prices202328)). The ICRC also makes an annual adjustment to prices to ensure they take into account changes to inflation, cost of debt and government fees and charges.

## How does Icon Water plan and time these infrastructure investments?

Timing is everything. We operate a large water and wastewater system and when it comes to fixing or replacing our assets, it's important that we get the timing right. Icon Water has assets worth over \$3.2 billion that manage water and wastewater and that we need to continue to invest in. If we replace water and wastewater infrastructure too early, this brings forward the cost to our customers. A delay could mean future generations are left to pay – whether it be through higher bills, environmental damage, or unreliable services.

Much of our infrastructure lasts a long time, often decades. This means that the costs of this work are recovered from customers over a long period of time. Good planning and timing mean these costs can be shared fairly across generations.

## What is planned for infrastructure in the next five years?

A significant proportion of the Canberra's water and wastewater assets were built in the late 1960s and early 1970s and they are reaching their end of life.

For the 2023 to 2028 period, we need to invest in renewal of our aging infrastructure and increase capacity in our network to service a growing population. Some of the major projects in this period include:

- Lower Molonglo Secondary Treatment Bioreactors Upgrade
- Lower Molonglo Biosolids Management Renewal
- Sewer Mains Renewal Program
- Cotter Pump Station Upgrade

For most recent project costing please see our most recent Annual Report, and Statement of Corporate Intent on our website. Project cost estimates are subject to change as we move through the project lifecycle and undertake detailed design, options analysis, market approach and project delivery, which are also subject to risks around estimated population growth, internal and external approvals, skills available in the Canberra region and ongoing inflationary pressures.

## Your bill covers a mix of previous and new projects at the same time.

Remember, much of our infrastructure is designed to last for several decades and customers pay gradually over the lifetime of this infrastructure.

Your bill includes some projects that have already been completed. As infrastructure projects are paid for over time, new investment costs are added. This means your bills cover a mix of old and new projects at the same time. We work hard to plan our investments to keep customer bills consistent over time, and to minimise price increases when new investments are needed.

## Why do prices charged to customers change over time?

Our prices change for several reasons, including:

- the different infrastructure projects and their costs
- inflation costs
- the depreciation of our infrastructure – costs come down over time
- an increase in the number of our water and wastewater customers
- changes in the volume of water that is used
- government fees and charges.

## For more information on our prices



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