


# Statement of Corporate Intent

2015-16 to 2018-19





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Icon Water Limited ABN 86 069 381 960

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# 1. Managing Director's message



In late 2014, the Icon Water Board and its executive completed strategic planning activity which considered our strategic direction over the medium and long term. This resulted in a modification to our Statement of Corporate Intent 2014–15 to 2017–18 which was tabled in the ACT Legislative Assembly on 25 November 2014.

Since then, extensive work has been undertaken to embed our strategic goal and objectives in our business planning processes and to develop key performance indicators and targets.

The Icon Water Board and executive remain committed to the continued pursuit of the following four strategic objectives in 2015–16 to 2018–19:

- A culture that protects, engages and develops our people.
- Excellence in asset management.
- A trusted brand.
- Sustainable financial returns and reduced gearing.

This Statement of Corporate Intent 2015–16 to 2018–19 identifies the strategies being implemented to achieve these strategic objectives and outlines the key activities that will be undertaken in 2015–16.

Following the announcement of our new name on 31 October 2014, extensive work has been undertaken to develop our new brand. This has been an exciting time for the business and further work is still to be undertaken in 2015–16 to establish our brand in the community.

I look forward to continuing to work closely with the Board, the executive team and all of the committed staff at Icon Water during the year ahead.

A handwritten signature in black ink, appearing to read 'J. Knox', written in a cursive style.

**John Knox**  
Managing Director  
Icon Water Limited

15 May 2015

## 2. Overview

Icon Water Limited (Icon Water) undertakes two primary activities: delivery of water, sewerage and associated services; and managing the investment in the energy business, ActewAGL. This Statement of Corporate Intent (SCI) outlines how Icon Water intends to go about undertaking those activities.

Over the period 2015–16 to 2018–19, Icon Water will continue to pursue four strategic objectives through strategies relating to:

- people
- asset management
- brand
- financial management.

We have identified performance measures and targets to enable monitoring and reporting against achievement of strategic objectives. These are included in this SCI. In addition, we have a range of internal performance management arrangements which support us in monitoring achievement of objectives and performance against plan.

### Structure of this document

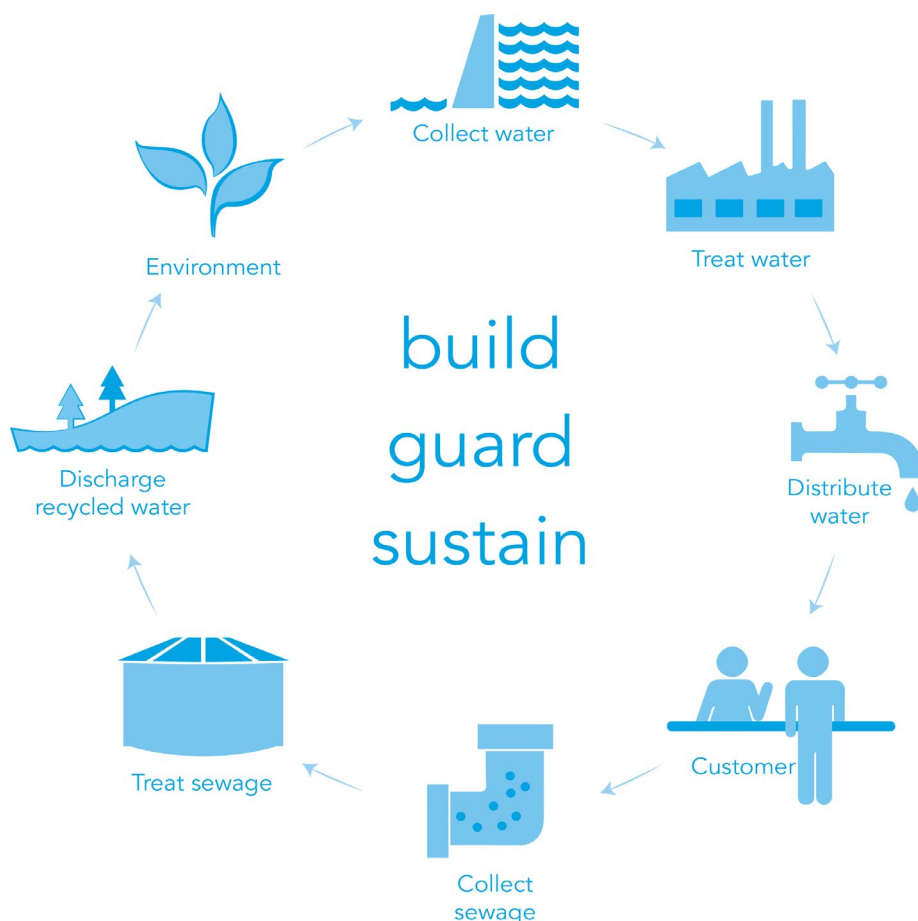
This SCI has been prepared in accordance with the *Territory-owned Corporations Act 1990* (ACT) (TOC Act). It contains the five elements specified in the TOC Act along with relevant additional information. These elements are contained in Sections 3 to 6. In addition, Icon Water's performance management framework requires supporting plans, performance monitoring and reporting activities.

# 3. Main undertakings

## Primary activities

### Water and sewerage operations

Icon Water delivers water, sewerage and associated services. We own and operate the ACT's network of dams, water treatment plants, sewage treatment plants, reservoirs, water and sewage pumping stations, mains and other related infrastructure. We consistently deliver safe drinking water and reliable sewerage services to a community of over 384,000 people.



### Energy investment

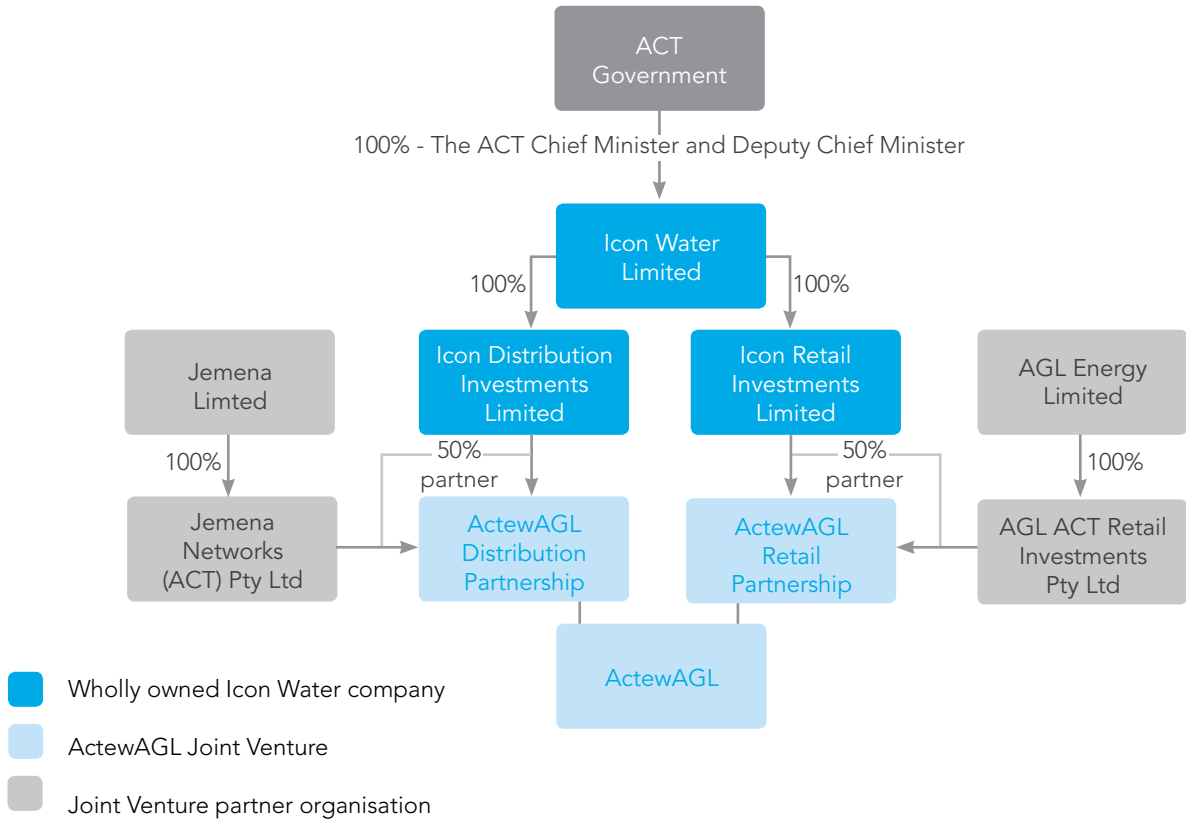
Icon Water is a 50% partner in ActewAGL. ActewAGL consists of two partnerships:

- ActewAGL Distribution which owns and operates the electricity network in the ACT and the gas network in the ACT, Shoalhaven and Queanbeyan regions.
- ActewAGL Retail which sells electricity and gas to its retail and commercial customers in the ACT and surrounding region (including Goulburn, Boorowa, Yass, Young, and Shoalhaven).

Our approach to managing the investment in ActewAGL is founded upon the following principles:

1. We are an active and informed investor in ActewAGL. To this end, ActewAGL's Joint Venture Partnerships Board consists of six members, three of whom are Icon Water appointees.
2. The investment should deliver benefits to Icon Water which are consistent with Icon Water's main objectives under the TOC Act.

## Ownership structure



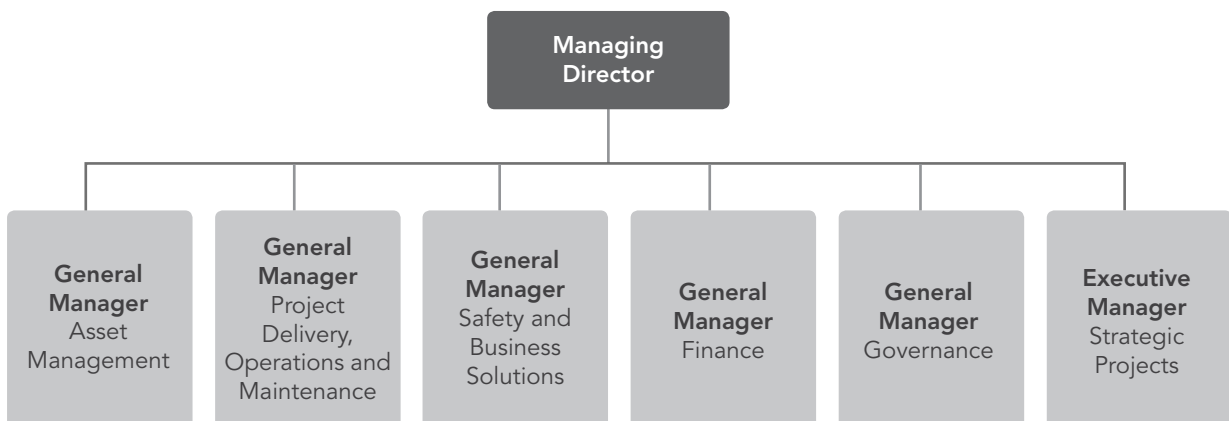
## Governance and accountability

Icon Water’s Integrated Management System (IMS) is a set of interrelated elements which operate to develop organisational strategy, translate it into operational actions, and to monitor and improve the effectiveness of both. The IMS incorporates our governance framework (how our organisation is directed and controlled) and our management operating system (how those directions are carried out in practice).

The Icon Water Limited Board is responsible for the governance of Icon Water and its controlled entities. The Board is supported by a number of Board committees and controlled entity boards which actively manage our investment in ActewAGL.

## Organisational structure

Our organisational structure is comprised of six groups, each led by a General/Executive Manager.



# 4. Strategic objectives

## Background

The TOC Act identifies four equally important main objectives for Icon Water as a territory owned corporation:

- 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 main objectives provide the foundation upon which we conducted strategic planning and identified our strategic goal and objectives.

## Core purpose and values

### Core purpose

Icon Water's core purpose describes the fundamental reason for its existence. The core purpose provides a stable reference point, inspires organisational change and reflects the idealistic motivation of staff to do their work. Our core purpose, shown below, remains fixed while our business strategies and practices continuously adapt to a changing environment.

To sustain and enhance  
quality of life

### Core values

Our core values reflect the valued behaviours which guide how we conduct our business and treat others. They are:

- **Safety** – accepting personal responsibility to ensure a safe workplace and contribute to a safe community.
- **Excellence** – involving the right people at the right time to get a result we can be proud of.
- **Openness** – building strong relationships by acting with integrity while being receptive to the views of others.



## Strategic goal and objectives

### Strategic goal

Our strategic goal (shown below) represents an ambitious, long term outcome to be achieved through coordinated collective effort from across the organisation.

**The premier, most trusted  
water utility**

To become premier and trusted we will constantly balance the short and long term interests of our customers and shareholders, seeking continual improvement in efficiency and sustainability.

### Strategic objectives

Our strategic objectives (shown below) represent medium term outcomes to be achieved through specific strategies and activities.



Strategies and key activities to achieve these strategic objectives are described in Section 5.

## 5. Strategies and activities

Strategies describe the general approach to be taken to achieve our strategic objectives over the period 2015–16 to 2018–19. Four strategies are outlined below, along with key activities to be undertaken for each strategy during 2015–16. In addition (and separate to this SCI) Icon Water's performance management framework includes the development of detailed business plans at multiple levels, including in relation to organisational strategies.

### People strategy

To achieve a culture that protects, engages and develops our people Icon Water will continue to implement the Work Health and Safety Strategy 2014–16 (WHS Strategy) and the People Strategy 2015–2018 (People Strategy).

The WHS Strategy aims to move Icon Water beyond being compliance driven, to provide a safety management approach that allows people to be engaged in the management of work health and safety (WHS) risks at the level they have the greatest influence. This will require a shift in safety management from one of compliance to that of a risk based approach which engages, empowers and holds each individual to account for the delivery of leading-practice outcomes.

The leaders of each group are tasked with personally leading the implementation of this strategy within their respective business units. They are required to clearly communicate expectations, and model and reinforce required safety behaviours and the link between safety leadership performance and career opportunities.

The Icon Water safety team is responsible for providing guidance, researching and collecting information from internal and external sources to identify where best practices exist and mentoring and coaching our personnel.

The People Strategy seeks to develop and define initiatives relating to:

- continuing the organisational culture change
- developing the operational, professional and leadership capability of our people
- building mutual trust and understanding between the organisation and our people through effective employee relations
- continuously improving the performance of our people
- enhancing the motivation and direction of our people through communication and engagement
- developing the future workforce needed to achieve our strategic objectives.

### Key activities for 2015–16

- Implementation of a 'Just Culture' framework.
- Improving risk management through effective application of safety in design principles.
- Developing and implementing a professional competency development program for asset management professionals.
- Implementing equity and diversity and leadership development programs.
- Developing structured capability to manage change initiatives successfully.
- Embedding our performance focused recognition program, the "Innovation and Excellence Awards".
- Implementing employee engagement initiatives at the organisation and branch levels to move the overall engagement levels of employees towards utility industry benchmark levels.

## Asset management strategy

In order to deliver consistent high levels of service to our customers and return to our shareholders Icon Water must realise the maximum value from its assets. Effective asset management – from asset acquisition, through operation and maintenance to asset disposal – enables this. Our water and sewerage services are delivered via assets with a book value of over \$2.0 billion. Our physical assets include:

- water treatment plants at Mount Stromlo and Googong
- the Googong, Cotter, Bendora and Corin dams
- the Lower Molonglo Water Quality Control Centre
- over 6,000 kilometres of water and sewerage pipes
- the Fyshwick Sewage Treatment Plant
- the Murrumbidgee to Googong Water Transfer Pipeline
- 47 water reservoirs with a total capacity of approximately 930 megalitres
- over 50 water and sewage pumping stations.

In 2015–16 and the three years thereafter, we will continue to strengthen management of our asset base by:

- Implementing a new asset management and maintenance system. Future work to implement a new asset management technology platform and processes will drive further efficiencies in the life-cycle management of our asset base. When completed the system will:
  - better align processes, resources and functional contributions to leverage the latest international standards on asset management (ISO 55000:2014 *Asset Management – overview, principles and terminology*)
  - provide improved transparency for asset management decisions
  - provide information technology solutions to better understand and enhance our use of asset data to inform consistent asset management decisions.
- Updating sustainable asset management plans. We will update the Asset Management Plans to leverage from the knowledge gained by the implementation of a sustainability framework, a carbon and energy strategy and the adoption of ISO 55000.

### Key activities for 2015–16

- Continue projects to improve asset management processes so that processes are documented and at least half of our assets have revised maintenance plans.
- Commence Asset Maintenance Management System (AMMS) projects.
- External re-certification of the certified elements of our IMS – being the Safety Management System, Quality Management System and Environmental Management System.

## Brand strategy

On 31 October 2014 we announced our new name – Icon Water Limited. This followed extensive work including customer surveys, workshops and interviews to examine the important characteristics of our brand, customer perceptions and organisational values.

The aim of the brand strategy is to ensure:

- we maintain control of our brand sentiment (stakeholders' perception of brand)
- there is strong alignment between staff attitudes, behaviour and organisational culture
- external stakeholders have a clear and consistent understanding of the brand 'promise' – what our customers can expect for all interactions with our people, products, services and company
- the importance of brand is recognised, accepted and integrated throughout the business
- our brand essence is realised in that we are positioned as a trusted, quality and community oriented service provider.

In addition, we remain committed to developing a customer-centric culture under which we:

- ensure that all work we do adds value to our customers
- better inform our customers on operational and critical issues
- adopt an efficient, consistent, comprehensive, whole-of-organisation approach to customer management.

### Key activities for 2015–16

- Completing all activities associated with the brand launch.
- Continuing to embed our brand and behaviours internally throughout the business.
- Undertaking phased external education on the brand.
- Further aligning the brand, sponsorship, communication and customer service strategies.
- Commence planning for deliberative engagement of key stakeholders (including customers) to involve them in decision making which impacts on the long term efficiency and sustainability of our operations.

## Financial strategy

Icon Water's financial strategy is focused on the following areas:

- Improving returns and profitability leading to strong dividends to shareholders. Net profit after tax (NPAT) and Profits available for Dividends is estimated at \$69.2m. This dividend is a decrease of \$7.1m from the prior year SCI forecast for 2015-16 and is based on the assumptions incorporated in this report.
- Prudently managing our gearing levels.
- Obtaining sound regulatory pricing outcomes. Pricing for water and sewerage services for the three year period beginning 1 July 2015, has been set by an Industry Panel (Panel) appointed by the ACT Government. This price direction provides Icon Water with an allowance for capital and operational expenditure with the objective to operate our business within this pricing determination.
- Actively managing our energy investments. Icon Water holds a 50% investment in ActewAGL, which makes up a significant portion of our profits. We will actively manage this investment ensuring a continuation of the strong financial outcome for our shareholders.

Our ability to achieve these financial outcomes is impacted by regulatory uncertainty, climatic conditions, ActewAGL's operations and financial market and capital structure. These are explained further in Section 6.

### **Key activities for 2015–16**

- Continuing to improve the long term operational efficiency of the business.
- Implementing a procurement improvement initiative.
- Further developing the long term investment strategy to maximise value of the energy investment for our shareholders.

### **Capital works**

The future standard general capital works program is forecast to increase, which reflects renewal of infrastructure to maintain service standards, expanding the network to support growth in the ACT, improving our assets to generate efficiencies and updating a number of systems including our works management systems.

#### **Top ten Capital Works Program projects (by project name)**

- Sewer Mains Rehabilitation 2015-16
- Lower Molonglo Water Quality Control Centre – Aeration System Renewal
- Mitchell office refurbishment
- Lower Molonglo Water Quality Control Centre – Solids Handling
- Lower Molonglo Water Quality Control Centre – Tertiary System Upgrade and Associated Works
- Molonglo Valley Interceptor Sewer and Fred Reardon Bypass Relining
- 20mm meter and service upgrade program
- ActewAGL Retail billing system (related to water customers)
- Googong Water Treatment Plant Dewatering Systems Upgrade
- Water Main Renewals Program.

## **Supporting information**

### **Risk Management**

Icon Water's risk management framework aligns with AS/NZS ISO 31000:2009 Risk management – principles and guidelines. The framework includes risk management policy and procedure, risk assessment criteria and processes for the conduct of risk assessments, escalation and reporting of risks. The Icon Water Board has established an Audit and Risk Management Committee (ARMC) to provide independent assurance and advice to the Board on the management of risk and the treatment of key risks.

Risk assessments identify risks in seven categories: strategic, safety, operational, financial, environmental, reputation and legal/compliance. Risk reports are provided at multiple levels within the organisation, and the ARMC reviews key risks and their treatment on a regular basis.

A description of our key risks in each risk category for 2015–16 and related mitigation strategies is provided in the table on the following page.

## Key risks for 2015–16

Category	Overview of key risks	Mitigation strategies
Strategic	Icon Water faces a number of risks that impact on the achievement of strategic objectives. These include the management/reduction of financial gearing levels, implementation of the improved asset management framework and re-branding.	Mitigation strategies centre on the establishment of a dedicated project management office to oversee strategic projects, including effective change management.
Safety	Icon Water is managing a range of safety related risks to protect the health and safety of staff, contractors and the public. Key risk events include a build-up of toxic gases and hydro carbons in sewers and safety incidents involving staff.	Icon Water's Work Health and Safety Strategy is the overarching mitigation. It is supported by a Safety Management System that is certified to AS/NZS 4801:2001 Occupational health and safety management systems – specifications with guidance for use. We are in the process of reviewing network protection procedures and our trade waste policy to reduce the incidence of undesirable products entering the sewage system.
Operational	There are a number of key operational risks relating to the continuity of supply of water and sewerage services and our ability to respond to business interruptions.	Mitigation strategies include business interruption and emergency response plans; development of appropriate design standards; network monitoring; identification of alternate suppliers for critical goods and services; and effective management of asset protection. The asset management improvement program will also contribute significantly to mitigating operational risks.
Financial	Icon Water's financial outcomes continue to face risks relating to adverse regulatory decisions in relation to ActewAGL.	Icon Water continues to work with the ACT Government to progress our financial strategy.
Environmental	Icon Water's one key environmental risk relates to the uncontrolled release of raw sewage.	Mitigation strategies include network performance monitoring; planned and reactive maintenance; site bunding and drainage; and use of design standards.
Reputation	Key reputation risks relate to Icon Water's management of illegal dumping into the sewerage system.	Mitigation strategies include targeted public engagement (including the use of the internet and social media), strong strategic partnerships with external stakeholders, and network protection procedures.
Legal/ compliance	Key legal/compliance risks reflect a dynamic legal and regulatory environment and Icon Water's ability to keep pace with these changes.	Mitigation strategies include software to manage legal obligations, staff training and use of internal and external legal advisors. In addition, Icon Water is developing a compliance management system that conforms with the recently released ISO 19600:2014 Compliance management systems – Guidelines.

## **Main community service obligations**

We will continue to contribute to our community through meaningful engagement. We will contribute to the cultural and social development of the ACT through community sponsorships and provide support to those in need through donations to community and charitable organisations.

In 2015–16 we expect to maintain the same donation and sponsorship contribution of \$500,000 as we did in 2014–15.

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. The majority of CSOs by value relate to pensioner concessions in connection with water and sewerage charges. Water and sewerage services are also provided at a 50% price discount to community organisations such as schools and churches.

## 6. Performance indicators and targets

For each strategic objective, we have established performance indicators and targets to monitor and report on their achievements. These are outlined below and are each supported by additional detail on method of calculation, timing and responsibility for reporting. We have a range of internal performance management arrangements and related monitoring and reporting activities.

Strategic objectives	Performance indicator	Targets (30 June 2016)
People	Timely implementation of related strategies	WHS and people strategies are implemented in accordance with plan
	Serious Injury Frequency Rate (SIFR)	<3.0 serious injuries per million hours worked
	Staff engagement	54% of staff surveyed are moderately–highly engaged
Asset management	Timely implementation of improvement initiatives	Asset management improvement initiatives are implemented in accordance with plan
	Service delivery performance maintained	Achievement of service delivery targets for water, sewerage, customer satisfaction and environmental (see over)
Brand	Timely completion of brand launch	New brand launch completed in accordance with plan
	Customer awareness of brand	65% of customers surveyed report awareness of our brand
Financial	Return to government	\$69.17m (profits available for dividends)
	Water Earnings Before Interest and Tax	\$108.4m
	Capital expenditure	+/- 5% of \$87.9m
	Gearing	<61.2%

Icon Water's forecast financial statements and key financial performance measures are at Appendix A.



## Key service delivery targets 2015-16

Service Standard	Industry 2013-14 Average	Icon Water Target 2015-16
<b>Water</b>		
Water main breaks (per 100km of water main)	23	20-25
Average duration of an unplanned interruption – water (minutes)	126	111-119
Frequency of unplanned interruption – water (per 1000 properties)	160	63-127
Number of zones where drinking water microbiological compliance is achieved (%)	99.9	100
Real losses (litres/service connection/day)	68.0	59-73
<b>Sewerage</b>		
Sewerage mains breaks and chokes (per 100km sewer main)	32	42-92
Property connection sewer breaks and chokes (per 1000 properties)	6	8-15
Average sewerage interruption (minutes)	146	37-44
<b>Customer Satisfaction</b>		
Water quality complaints (per 1000 properties)	1.7	0.9-2.8
Water service complaints (per 1000 properties)	2.7	1.5-2.0
Sewerage service complaints (per 1000 properties)	1.0	1.0-2.0
Billing and account complaints – water and sewerage (per 1000 properties)	0.9	0.2-2.6
Total water and sewerage complaints (per 1000 properties)	5.0	4.5-6.0
<b>Environmental</b>		
Percentage of sewage volume treated to a compliant standard (%)	98.1	99
Percentage of biosolids reused (%)	102.2	100
Sewer overflows reportable to the environmental regulator (no. per 100km of sewer main)	0.4	1.9-5.6
Recycled water (percent of effluent recycled)	13	11-13



## Notes on key service delivery targets

Service delivery standards were derived from the National Performance Report 2013–14: urban water utilities (NPR). For comparison purposes, the industry average is calculated on NPR data from urban water utilities with more than 100,000 connected properties.

Unusual external events beyond Icon Water's control may cause non-typical variances, either positive or negative, to our performance in a service delivery category, in any given year.

Targets were determined on the basis of performance trends across previous years and, where practical, results are sought that are better than the industry average. In some instances however, there exist peculiar geographic or cost implications which practically limit the extent to which performance may be improved or industry averages achieved. Improvements need to be justified on a cost-benefit basis. For example, achieving an industry average for sewer main breaks and chokes is considered uneconomical due to the ACT's semi-arid climate and clay soils when compared to other capital cities. At the same time, our average sewer interruption (when breaks and chokes do occur) is significantly below the industry average.

## 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.

### Climatic conditions

Normal weather patterns have been assumed in determining the budget estimates. Variability in climatic conditions may result in material variations to Icon Water's profits through water consumption forecasts, electricity demands and the impact of climate change in the longer term may make the task of predicting the ACT's future water usage difficult. Extreme weather events may result in financial losses and delays in our operations.

### ActewAGL's operations

In addition to climatic conditions, competitive, regulatory and other influences may impact the profitability of ActewAGL.

ActewAGL Distribution's income assumptions are in line with the Australian Energy Regulator's (AER) pricing draft determination for Electricity Networks with estimates of re-structuring costs made by Icon Water in 2014-15.

The AER's final decision was announced on 30 April 2015 and will impact on Icon Water's share of ActewAGL Distribution's profit and cash distributions.

From an ActewAGL Retail perspective, the ICRC made a determination on retail electricity prices in the ACT in June 2014 that will be applied each year to 30 June 2017. ActewAGL Retail profits and cash distributions will also be subject to the impact of heightened competition from other energy retailers.

### 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 currently sources borrowing from the ACT Government. The ACT Government may charge Icon Water a loan guarantee fee on these borrowings. Icon Water has not included this loan guarantee fee in this SCI.

### Dividend to shareholders

This SCI is based on the current Dividend Policy of 100% of net profit.

# Appendix A – Forecast financial statements and key financial performance measures

Icon Water Limited Income Statement Year Ended 30 June	Notes	2013-14 Actual \$000	2014-15 Forecast \$000	2015-16 Budget \$000	2016-17 Estimate \$000	2017-18 Estimate \$000	2018-19 Estimate \$000
<b>Revenue</b>							
Water Business		176,500	170,858	189,285	192,676	196,565	200,680
Sewerage Business		111,043	116,010	123,208	129,206	135,501	142,098
Interest Income		2,090	1,885	1,050	1,076	1,069	1,096
Commonwealth Subvention		10,615	11,123	11,401	11,687	11,979	12,278
Energy Investment		83,582	89,081	67,032	74,822	76,965	77,048
Other Revenue		14,938	7,058	5,778	5,859	5,942	6,028
<b>Total Revenue</b>		<b>398,768</b>	<b>396,015</b>	<b>397,755</b>	<b>415,326</b>	<b>428,021</b>	<b>439,228</b>
<b>Expenditure</b>							
ACT Government Charges		32,128	33,642	35,103	35,485	35,889	36,314
Depreciation		42,284	43,094	45,111	47,043	48,484	50,427
Employment Costs		62,239	65,887	66,268	67,466	70,166	68,288
Water Operating Costs		63,257	66,775	69,672	70,719	75,729	75,175
Impairment		308	0	0	0	0	0
Other Expenses		14,481	4,822	5,160	5,215	5,305	5,438
<b>Total Expenditure</b>		<b>214,697</b>	<b>214,220</b>	<b>221,314</b>	<b>225,928</b>	<b>235,574</b>	<b>235,641</b>
<b>Earnings before Interest and Tax</b>		<b>184,071</b>	<b>181,795</b>	<b>176,441</b>	<b>189,398</b>	<b>192,447</b>	<b>203,587</b>
Interest Expense		78,487	69,438	77,624	82,372	86,256	89,720
<b>Earnings Before Interest Tax and Gifted Assets</b>		<b>105,584</b>	<b>112,357</b>	<b>98,817</b>	<b>107,026</b>	<b>106,191</b>	<b>113,867</b>
Gifted Assets		10,724	9,659	0	0	0	0
<b>Earnings Before Tax</b>		<b>116,308</b>	<b>122,016</b>	<b>98,817</b>	<b>107,026</b>	<b>106,191</b>	<b>113,867</b>
Tax Expense		35,484	38,911	29,645	32,108	31,857	34,160
<b>Net Profit After Tax</b>		<b>80,824</b>	<b>83,105</b>	<b>69,172</b>	<b>74,918</b>	<b>74,334</b>	<b>79,707</b>
<b>Transfer to/(from) Retained Profits</b>	a	4,092	3,797	0	0	0	0
<b>Profits available for Dividends</b>		<b>76,732</b>	<b>79,308</b>	<b>69,172</b>	<b>74,918</b>	<b>74,334</b>	<b>79,707</b>

**Notes:**

a - The 2014-15 dividends to the ACT Government will be based on Icon Water's Profit available for Dividends, which excludes gifted assets for Googong Estate.

Icon Water Limited Balance Sheet As at 30 June	Notes	2013-14 Actual \$000	2014-15 Forecast \$000	2015-16 Budget \$000	2016-17 Estimate \$000	2017-18 Estimate \$000	2018-19 Estimate \$000
<b>Current Assets</b>							
Cash and cash equivalents		52,545	50,814	49,548	49,188	48,922	48,992
Held to maturity investments		6,961	0	0	0	0	0
Receivables		46,021	49,243	50,719	52,242	53,805	55,423
Other		28,795	18,025	18,025	18,025	18,025	18,025
<b>Total Current Assets</b>		<b>134,322</b>	<b>118,082</b>	<b>118,292</b>	<b>119,455</b>	<b>120,752</b>	<b>122,440</b>
<b>Non Current Assets</b>							
Investments of Other Entities		632,869	678,950	708,248	726,161	740,544	749,047
FITB - Non Current Intangibles (Water Licences)		28,163	28,163	28,167	28,167	28,167	28,167
Property, Plant and Equipment		18,157	17,000	17,000	17,000	17,000	17,000
Other		2,054,596	2,082,251	2,129,193	2,212,766	2,272,322	2,308,893
		7,020	7,020	19,394	17,626	15,859	14,091
<b>Total Non Current Assets</b>		<b>2,740,805</b>	<b>2,813,384</b>	<b>2,902,002</b>	<b>3,001,720</b>	<b>3,073,892</b>	<b>3,117,198</b>
<b>Total Assets</b>		<b>2,875,127</b>	<b>2,931,466</b>	<b>3,020,294</b>	<b>3,121,175</b>	<b>3,194,644</b>	<b>3,239,638</b>
<b>Current Liabilities</b>							
Accounts Payable		36,777	40,514	43,164	46,953	44,607	43,515
Dividends Payable		18,071	15,862	13,834	14,984	14,867	15,942
Tax Payable		2,461	6,903	2,797	4,073	3,768	6,160
Borrowings	a	18,977	20,978	22,788	325,022	27,420	244,994
Provisions		30,318	30,318	30,318	30,318	30,318	30,318
Other		4,810	4,810	4,810	4,810	4,810	4,810
<b>Total Current Liabilities</b>		<b>111,414</b>	<b>119,385</b>	<b>117,711</b>	<b>426,160</b>	<b>125,790</b>	<b>345,739</b>
<b>Non Current Liabilities</b>							
Borrowings	a	1,427,362	1,471,933	1,562,434	1,354,866	1,728,706	1,553,750
Deferred Tax Liability		318,507	318,507	318,507	318,507	318,506	318,507
Provisions		18,112	18,112	18,113	18,113	18,113	18,113
<b>Total Non Current Liabilities</b>		<b>1,763,981</b>	<b>1,808,552</b>	<b>1,899,054</b>	<b>1,691,486</b>	<b>2,065,325</b>	<b>1,890,370</b>
<b>Total Liabilities</b>		<b>1,875,395</b>	<b>1,927,937</b>	<b>2,016,765</b>	<b>2,117,646</b>	<b>2,191,115</b>	<b>2,236,109</b>
<b>Net Assets</b>		<b>999,732</b>	<b>1,003,529</b>	<b>1,003,529</b>	<b>1,003,529</b>	<b>1,003,529</b>	<b>1,003,529</b>
<b>Equity</b>							
Capital		758,871	758,871	758,871	758,871	758,871	758,871
Retained Profits		12,738	16,535	16,535	16,535	16,535	16,535
Reserves		228,123	228,123	228,123	228,123	228,123	228,123
<b>Net Equity</b>		<b>999,732</b>	<b>1,003,529</b>	<b>1,003,529</b>	<b>1,003,529</b>	<b>1,003,529</b>	<b>1,003,529</b>

**Notes:**

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

Icon Water Limited Cashflow Year Ended 30 June	Notes	2013-14 Actual \$000	2014-15 Forecast \$000	2015-16 Budget \$000	2016-17 Estimate \$000	2017-18 Estimate \$000	2018-19 Estimate \$000
<b>Cash Flow from Operations</b>							
Receipts from customers		317,749	301,826	328,195	337,905	348,421	359,471
Payments to suppliers and employees		(171,484)	(169,199)	(187,694)	(176,208)	(184,385)	(182,481)
Tax paid		(37,819)	(34,468)	(33,752)	(30,831)	(32,162)	(31,770)
Interest received		1,972	1,885	1,050	1,076	1,069	1,096
Interest paid		(77,068)	(73,438)	(82,254)	(87,531)	(93,171)	(95,236)
<b>Net Cash In/(out) flow from operating activities</b>		<b>33,350</b>	<b>26,606</b>	<b>25,546</b>	<b>44,411</b>	<b>39,772</b>	<b>51,080</b>
<b>Cash Flow from Investing Activities</b>							
JV Distribution Received		52,000	43,000	37,734	56,910	62,582	68,545
Payments for Property, Plant and Equipment		(64,941)	(55,279)	(85,655)	(122,577)	(104,407)	(83,542)
Proceeds from disposal of PP&E		258	0	0	0	0	0
Payments for Intangibles		(311)	11,927	0	0	0	0
Investments (net)		468	0	0	0	0	0
<b>Net cash In/(out) flow from investing activities</b>		<b>(12,526)</b>	<b>(352)</b>	<b>(47,920)</b>	<b>(65,667)</b>	<b>(41,825)</b>	<b>(14,997)</b>
<b>Cash Flow from Financing Activities</b>							
Repayment of Borrowings		(54,625)	(14,428)	(11,692)	(13,334)	(315,762)	(18,382)
New Borrowing		147,865	61,000	104,000	108,000	392,000	61,001
Finance Lease Payments		(60)	0	0	0	0	0
Dividends paid		(138,242)	(81,517)	(71,200)	(73,768)	(74,451)	(78,632)
<b>Net cash In/(out) flow from financing activities</b>		<b>(45,062)</b>	<b>(34,946)</b>	<b>21,108</b>	<b>20,898</b>	<b>1,787</b>	<b>(36,013)</b>
<b>Net cash movement</b>		<b>(24,238)</b>	<b>(8,692)</b>	<b>(1,266)</b>	<b>(360)</b>	<b>(266)</b>	<b>70</b>
<b>Opening cash balance</b>		<b>83,744</b>	<b>52,545</b>	<b>50,814</b>	<b>49,548</b>	<b>49,188</b>	<b>48,922</b>
<b>Cash reclassified to held to maturity investments</b>		<b>(6,961)</b>	<b>6,961</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing cash balance</b>		<b>52,545</b>	<b>50,814</b>	<b>49,548</b>	<b>49,188</b>	<b>48,922</b>	<b>48,992</b>

Icon Water Limited Financial Ratios Year Ended 30 June	Notes	2013-14 Actual \$000	2014-15 Forecast \$000	2015-16 Budget \$000	2016-17 Estimate \$000	2017-18 Estimate \$000	2018-19 Estimate \$000
<b>Profitability</b>							
Return on Total Assets	a	6.3 %	6.1 %	5.8 %	6.0 %	6.0 %	6.3 %
Return on Equity	b	8.1 %	8.3 %	6.9 %	7.5 %	7.4 %	8.0 %
Profit Margin	c	45.9 %	45.6 %	44.2 %	45.5 %	44.8 %	46.2 %
<b>Liquidity</b>							
Current Ratio	d	120.6 %	98.9 %	100.5 %	28.0 %	96.0 %	35.4 %
Cash Position	e	2.1 %	1.7 %	1.6 %	1.6 %	1.5 %	1.5 %
Receivables Turnover	f	11.4	10.7	11.0	11.0	11.0	11.1
<b>Financial Stability</b>							
Debt Ratio	g	65.2 %	65.8 %	66.8 %	67.8 %	68.6 %	69.0 %
Gearing Ratio	h	59.1 %	59.8 %	61.2 %	62.6 %	63.6 %	64.2 %
Capital Ratio	i	144.7 %	148.8 %	158.0 %	167.4 %	175.0 %	179.2 %
<b>Debt</b>							
Interest Cover Ratio	j	2.3	2.6	2.3	2.3	2.2	2.3
<b>Formula:</b>							
<b>Profitability</b>							
Return on Total Assets	a	$\frac{\text{EBIT (minus Interest Revenue)}}{\text{Total assets}}$					
Return on Equity	b	$\frac{\text{NPAT (Net Profit After Tax)}}{\text{Total Equity}}$					
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	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	$\frac{\text{EBIT (before gross interest expense and excluding abnormal items)}}{\text{Annual interest payments}}$					

**^ Note Receivables Turnover**

Receivables Turnover was historically at an average of 5. This is because current receivables include seconded employee entitlements receivable, which have now been excluded in calculating Receivables Turnover.

### Corporate Office

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### Mitchell Operations Office

12 Hoskins Street  
Mitchell ACT 2911

### Postal address

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GPO Box 366  
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### Language assistance

13 14 50, 24 hours

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