

1 Overview

The 2015–16 to 2018–19 Statement of Corporate Intent (2015–16 SCI) details the four strategies Icon Water Limited (Icon Water) will pursue to achieve its objectives under the *Territory-owned Corporations Act 1990* (TOC Act) and its four strategic objectives.

Under the TOC Act, Icon Water has four main objectives:

- **Efficiency:** operate at least as efficiently as any comparable business.
- **Sustainable return:** maximise the sustainable return to our shareholders on the investment in ACTEW (now named Icon Water Limited).
- **Social responsibility:** 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.
- **Ecologically sustainable development:** effective integration of environmental and economic considerations in decision-making processes.

The 2015–16 SCI outlines the four strategic objectives over the period 2015–16 to 2018–19 as:

- **People** – a culture that protects, engages and develops our people.
- **Asset Management** – excellence in asset management.
- **Brand** – a trusted brand.
- **Financial** – sustainable financial returns and reduced gearing.

The 2015–16 SCI outlines the four strategies relating to the above strategic objectives as well as performance measures and targets to enable monitoring and reporting against achievement of these objectives.

Outlined in the following pages are the outcomes for the second quarter, 1 October 2015 to 31 December 2015 against key activities for 2015–16 contained in the 2015–16 SCI.

2 People strategy

2.1 2015–16 key activities

Key activities for 2015–16 include:

- 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, the 'Innovation and Excellence Awards'.
- Implementing employee engagement initiatives at the organisation and branch levels to move the overall engagement level of employees towards utility industry benchmark levels.

2.2 Quarter 2 outcomes

Just Culture framework

Work to develop the Just Culture framework commenced. A paper on the Just Culture framework was presented to the Icon Water Board's Risk and Assurance Committee on 11 November 2015 which provided a high level overview of the Just Culture concept.

Safety in design

The Safety in design process has been mapped into the design delivery process flow which will provide a systematic approach to the integration of hazard identification and risk assessment methods in the design phase of our capital expenditure projects.

Work health and safety strategy

As part of the roll-out of a mental health awareness initiative, all staff have been provided with additional resources including "Heads Up" (a joint initiative between beyondblue and the Mentally Healthy Workplace Alliance) and a booklet – 'Taking care of your mental health in the workplace'. This is the first step in providing information to managers and staff to raise awareness of mental health issues and reducing stigma.

Performance focused recognition

The new staff 'Valued Service Awards' launched on 1 September 2015 has been embedded across the business and being used as a tool to award staff that display qualities that are in line with Icon Water's core values of safety, excellence and openness. The program continues to be successful in encouraging the organisation to celebrate successful outcomes and behaviours of individuals and teams that are valuable to the business.

3 Asset management strategy

3.1 2015–16 key activities

- 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 Integrated Management System (IMS) – being the Safety Management System, Quality Management System and Environmental Management System.

3.2 Quarter 2 outcomes

Asset management processes

Work continued on determining asset management objectives for tiers three to five of our asset systems. These objectives establish a clear link between stakeholder and business needs and asset planning, operations and related activities. The work is following the endorsed prioritised list of assets/systems and the objectives for the Lower Molonglo Water Quality Control Centre systems were a key focus during the second quarter.

Assets that have tiers three to five objectives have commenced a process of re-aligning operations and maintenance plans to meet the objectives. The pilot study in application of a revised maintenance and operations plan process was substantially progressed at Uriarra Sewage Treatment Plant. The pilot will inform the remainder of the asset/system analysis during 2015–17.

The final draft of Icon Water's Strategic Asset Management Plan (SAMP) was prepared by 31 December 2015 in accordance with the project plan. The SAMP outlines the major asset management processes that are used to translate shareholder and stakeholder needs into prudent and efficient action plans and strategies. It describes how the 'as is' and the 'to be' states align to the ISO 55001 standard for asset management. The plan includes the framework, structure and content of the more detailed asset management plans that are to be developed during 2016–17.

The Asset Management Group (the Group) has finalised the 'target state' business activity map that aligns the Asset Management Group's future activities to our strategic objective 'excellence in asset management'. The development of a plan to update all procedures and work instructions to align to the target state is continuing. The Asset Management Group was restructured in late 2015 to support the target state and the adoption of the globally recognised Asset Management Competency Framework (GFMAM).

Asset maintenance management system

Work continued on the Operational Technology (OT) scope development and project planning to identify the business needs and the ICT architecture to support ISO 55001 target state asset management practices.

Specifically projects are being initiated to:

- establish the Geographical Information System (GIS) as the central Asset Data Repository source of truth, and
- develop scenario planning and options analysis capability utilising the single source of truth Asset Data Repository.

Integrated management system – external re-certification

The Integrated Management Systems (IMS) re-certification audit was undertaken in October 2015 by an external certification body. The external audit body provided positive feedback and confirmed Icon Water's compliance with the requirement of the standards. No major nonconformities were found.

4 Brand strategy

4.1 2015–16 key activities

- Completing all activities associated with the brand launch.
- Continuing to embed our brand and behaviours internally through 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.

4.2 Quarter 2 outcomes

External education

In December 2015, work commenced to review our community and schools education programs. We are working closely with the Department of Education to ensure alignment of our water cycle, environmental and science content with the appropriate curriculums.

Aligning the brand

A review of our sponsorship program commenced in December 2015. The aim of the review is to achieve a sponsorship program in 2016–17 and beyond that focuses on balancing brand values and social responsibility.

Stakeholder engagement

Market research was undertaken to provide an opportunity for the community to advise us what they most value in the work that Icon Water does and inform them of how they can help shape future planning for our business. The research results indicate a solid alignment of our business priorities and community expectations. Work commenced to undertake a 'willingness to pay' survey focusing on the service standards that the community indicated were most important to them. The results of this research are expected in February 2016.

5 Financial strategy

5.1 2015–16 key activities

- 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.

5.2 Quarter 2 outcomes

Long term operational efficiency

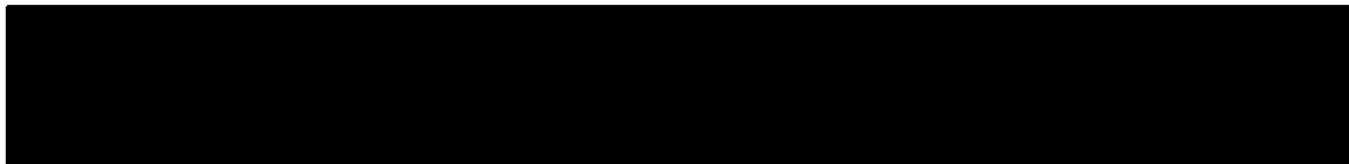
As part of the ongoing drive for improving operational efficiency, in July 2015 Icon Water commenced a program of work with the aim of identifying and implementing efficiency initiatives. The first stage of this program was an industry-wide cost benchmarking exercise, conducted in partnership with Water Services Association of Australia (WSAA) alongside 20 other water utilities.

The exercise concluded at the end of December 2015. The next steps are for Icon Water to investigate the areas of opportunity identified, with a view to implementing efficiency initiatives by 1 July 2018.

Procurement improvement initiative

Icon Water continues to refine its policies and procedures associated with its procurement activities. Work occurred to re-negotiate several contracts for supply and delivery of chemicals/gases which resulted in financial savings.

Energy investment



6 Key service delivery targets

Table 1 (over page) details performance against key service delivery targets. For the second quarter, Icon Water met or is on track to meet 16 out of the 17 targets (noting that some of the targets are annual and we only have the second quarter results).

Table 1. Key service delivery targets – 2015-16 Results

Service Standard	Icon Water Target 2015-16	1 st Quarter Results	2nd Quarter Results	YTD Results
Water				
Water main breaks (per 100km of water main)	20 – 25	3.34	2.40	5.74
Average duration of an unplanned interruption - water (minutes)	111 - 119	130.23	131.60	130.86 ¹
Frequency of an unplanned interruption - water (per 1000 properties)	63 - 127	18.35	15.74	34.09
Number of zones where drinking water microbiological compliance was achieved (%)	100	100	100	100
Real losses (L/service connection/d)	59 – 73	41	61	102
Sewerage				
Sewerage mains breaks and chokes (per 100km sewer mains)	42 – 92	16.81	11.40	28.21
Property connection sewer breaks and chokes (per 1000 properties)	8 – 15	3.26	2.00	5.26
Average sewerage interruption (minutes)	37 – 44	34.04	34.35	34.16
Customer Satisfaction				
Water quality complaints (per 1000 properties)	0.9 - 2.8	0.29	0.27	0.56
Water service complaints (per 1000 properties)	1.5 - 2.0	0.38	0.42	0.80
Sewerage service complaints (per 1000 properties)	1.0 - 2.0	0.33	0.19	0.52
Billing and account complaints (per 1000 properties)	0.2 - 2.6	0.16	0.14	0.30
Total water and sewerage complaints (per 1000 properties)	4.5 - 6.0	1.15	1.02	2.17
Environmental				
Percentage of sewage volume treated to a compliant standard (%)	99	100	100	100
Percentage of biosolids reused (%)	100	100	100	100
Sewer overflows reportable to the environmental regulator (number per 100km of sewer main)	1.9 - 5.6	0.58	0.22	0.80
Recycled water (percent of effluent recycled)	11 – 13	13.13	13.70	13.42

Key Service Delivery Targets were set by Icon Water against industry standards set by comparable utilities. The targets were selected from a range of measures included in the annual performance report to the Bureau of Meteorology.

¹ The methodology for calculation of the results against this service standard has changed due to a recommendation from an audit. The service standard target will be revised in the 2016–17 Statement of Corporate Intent.



ACT
Government

Chief Minister, Treasury and
Economic Development

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To: Treasurer

Copy: Deputy Chief Minister

Subject: ICON WATER - Second Quarter 2015-16 Report

Critical date and reason

1. **26 February 2016.** For information in advance of the quarterly meeting with Icon Water on 29 February 2016.

Recommendations

2. That you note the briefing.

NOTED/PLEASE DISCUSS

Andrew Barr MLA ...



..... *28/2/16*

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Supporting Reasoning

3. Attachment A is Icon Water's second quarter 2015-16 report to 31 December 2015 against the activities outlined in its current Statement of Corporate Intent (SCI). Icon Water is on track to meet its four strategic objectives as set out in the SCI.

Of particular interest are:

a. Section 5.2 on page nine of the report notes:

- i. Icon Water has concluded an industry-wide cost benchmarking exercise in partnership with the Water Services Association of Australia, involving 20 other water utilities, and will now investigate the areas of opportunity identified with a view to implementing efficiency initiatives by 1 July 2018.



b. The table on page 11 of the report shows Icon Water is meeting all its key service delivery targets, except the target for the average duration of an unplanned water interruption. This reflects a change in the methodology used to calculate the results of the service standard. The target will be revised in the 2016-17 Statement of Corporate Intent.

c. Page 12 shows Icon Water's net profit after tax year to date (to 31 December 2015) was \$62.6 million, which is \$33.1 million favourable to budget. The profit before tax for the same period is \$91.2 million, \$48.8 million favourable to budget. This outcome is mainly due to:



- ii. a favourable result in the Icon Water business of \$10.9 million;
- iii. the receipt of \$11.4 million in gifted assets (mostly from the Land Development Agency) which are not budgeted due to their variability; and

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- iv. a lower than budgeted consumer price index resulting in a lower interest expense of \$4.3 million, partly offset by higher than budgeted tax of \$15.7 million due to the overall favourable results.
- d. Pages 13 to 14 show water consumption is 1.5 gigalitres higher than budget for year to date and water revenue is \$5.4 million favourable to budget, largely due to the favourable consumption and tier mix.
- e. Gas Network volumes remain ahead of budget for the year to date and electricity network is above budget, due mainly to favourable gross margins and operational expenditure savings.
- f. Pages 17 to 18 show the cash balance is \$36.8 million, which is \$13 million unfavourable to budget, due mainly to a timing delay in the energy investment cash distribution over the Christmas shutdown period and lower than budgeted new borrowings. The year to date gearing was 53.7 per cent, compared to the budgeted gearing of 59.2 per cent.
- g. Year to date capital expenditure is \$28.37 million, which is lower than year to date budget by \$11.6 million, but tracking to re-forecast expectations. A number of major works are expected to complete their planning phase in early 2016, which will enable a large increase in construction expenditure in the last quarter of the financial year.

Consultation and Communication

4. N/A

Financial

5. N/A

Management of Other Risks

6. N/A

Under Treasurer Clearance: David Nicol



24/2

Executive Clearance:

Neil Bulless, Executive Director, Expenditure Review Division
Stuart Friend, Director, Expenditure Review Division

Date: 22 February 2016

Action Officer: Kurt Sung

Phone: 59865

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Chief Minister, Treasury and
Economic Development

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**To: Chief Minister
Deputy Chief Minister**

Subject: Quarterly Meeting with Icon Water 29 February 2016

Critical date and reason

1. **25 February 2016.** Information for your meeting with Icon Water on 29 February 2016 at 9.30am in the Chief Minister's office.

Recommendations

2. That you note the information.

Andrew Barr MLA  28 / 2 / 16

NOTED/PLEASE DISCUSS

Simon Corbell MLA / /

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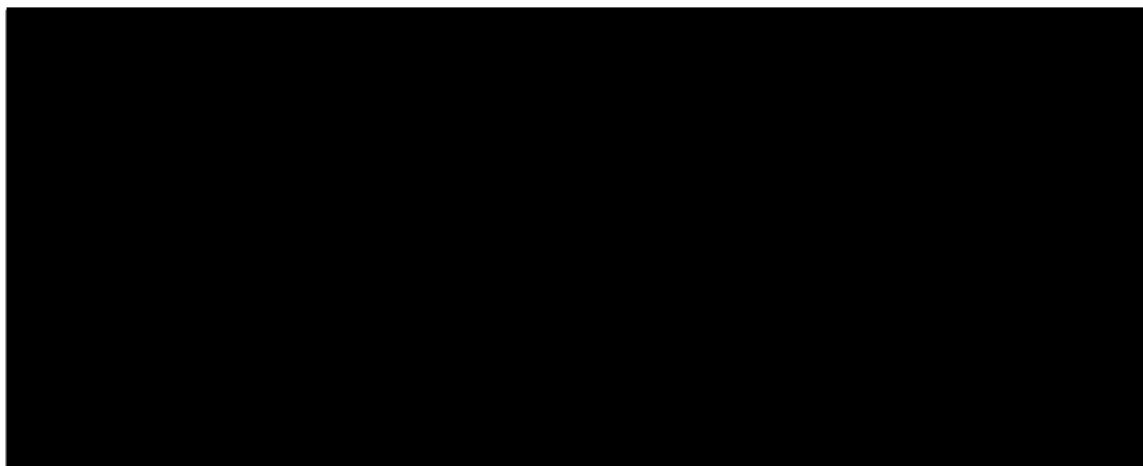
Supporting Reasoning

3. The first of a series of quarterly meetings between Icon Water and the Voting Shareholders is due to be held in the Chief Minister's office on Monday 29 February 2016 at 9.30 am for 30 minutes.
4. Principal attendees are as follows:
 - a) Voting Shareholders: Chief Minister and Deputy Chief Minister
 - b) Departmental Officials: Under Treasurer David Nicol and DG EPD Dorte Ekelund
 - c) Icon Water: Board Chair Michael Easson, MD John Knox, Sam Sachse GM Finance.
 - d) ActewAGL: CEO Michael Costello for one item.
5. Icon Water proposes that these meetings be informal with no set agenda or papers. However, Icon has provided a list of proposed discussion points as follows:
 - a) Proposed ActewAGL Debt Program (Michael Costello attending for this item only)
 - b) Icon Water's Infrastructure Funding Arrangements
 - c) PAC Hearing 31 March 2016 - AG Report on the Bulk Water Alliance
 - d) Icon Water financial performance FY 2015-16 and 2016-17
 - e) Riverview development status



- g) Icon Water Board succession planning (Michael Easson and John Knox only)

6. Background information against each topic is as follows:



For Official Use Only**Topic 3. PAC Hearing 31 March 2016-AG Report on the Bulk Water Alliance**

The Auditor-General's report on the Bulk Water Alliance (BWA) was tabled on 24 June 2015. The Audit report contained no recommendations.

The Public Accounts Committee (PAC) has convened an enquiry into it. The Treasurer is due to appear before the PAC on 31 March 2016 at 9.30-10.30am, followed by Icon Water officials from 10.45am to 12noon.

As ACTEW (now Icon Water) was responsible for establishing and managing the BWA, questions relating to performance of the BWA should be directed to Icon Water. The Treasurer could agree to field questions relating to communications between ACTEW and the Government covering the Major Water Security Projects including the Enlarged Cotter Dam project.

It is anticipated the PAC may want to establish when Government Ministers became aware of the total project cost. More detailed briefings will be provided to the Treasurer for the hearing.

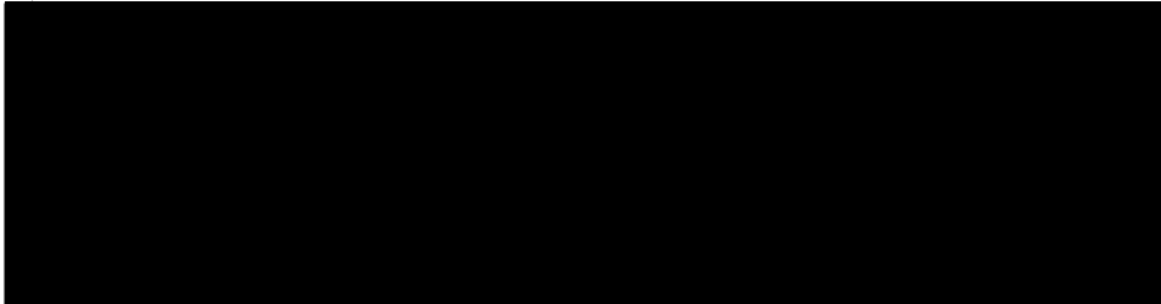
Topic 4. Icon Water financial performance FY 2015-16 and 2016-17

Icon Water recently provided Shareholders with the 2015-16 second quarterly report. A separate brief by Treasury has been provided to Shareholders on this report. Icon Water's net profit after tax year to date (to 31 December 2015) was \$62.6 million, which is \$33.1 million favourable to budget. The profit before tax for the same period is \$91.2 million, \$48.8 million favourable to budget. This outcome is mainly due to:

- i. favourable results in the ActewAGL energy investment business of \$21.9 million. The retail energy investment was favourable to budget due to a higher customer base and lower operational costs. Electricity retail is above budget due to higher than forecast volumes and the distribution energy investment was above budget mostly due to favourable gross margin and operation expenditure savings;
- ii. a better than forecast result in the Icon Water business of \$10.9 million;
- iii. the receipt of \$11.4 million in gifted assets (mostly from the Land Development Agency) which are not budgeted due to their variability; and
- iv. lower than budgeted consumer price index resulting in lower interest expense of \$4.3 million, partially offset by higher than budgeted tax of \$15.7 million due to the higher profitability.

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Topic 7. Icon Water Board succession planning (Michael Easson and John Knox only)

Attachment A provides a list of the current membership of the Icon Water Board and associated companies. Michael Easson and John Knox will discuss future succession planning with you, as the terms of four of the Board appointments are due to end in 2017, including the Board Chair.

Dr Easson has been on the Board for 20 years. The other three members will have served two terms of three years duration by 2017.

It is noted Dr Allan Hawke's appointment is due to end in December 2016 and he will have served two three year terms, as well as the recent twelve month extension.

With the recent appointment of Dr Thomas Parry as the eighth Board member, all positions are currently filled. Cabinet recently approved the re-appointment of Ms Carol Lilley from 1 April 2016, which is subject to a final clearance by the Public Accounts Committee.

Consultation and Communication

- 7. Internal Directorates.

Financial

- 8. N/a

Management of Other Risks

- 9. Information contained in this brief may be commercially sensitive.

Under Treasurer Clearance:

 24/2

Executive Clearance:

Neil Bulless, Executive Director, Expenditure Review Division
Stuart Friend, Director, Expenditure Review Division

Date: 24 February 2016

Action Officer: Phil Liddicoat X70251

EXPIRY DATES FOR ICON WATER BOARD MEMBERS

1. ICON WATER Limited Board (VS/Cabinet/PAC approval required)- 8 Positions

Position	Name	Appointment Expires
Chair	Dr Michael Easson AM	16 March 2017
Deputy Chair	Ms Wendy Caird	16 March 2017
Managing Director	Mr John Knox	When contract as CEO ends
Director	Dr Allan Hawke AC	5 Dec 2016
Director	Ms Rachel Peck	1 May 2017
Director	Ms Jenny Goddard	31 Oct 2017
Director	Ms Carol Lilley	31 Mar 2016
Director	Dr Thomas Parry AM	16 November 2018

2. Two Icon Water Subsidiary Companies- 4 Positions on each ICON Retail Investments Ltd and ICON Distribution Investments Ltd (ICON Board approves appointments subject to consent by VS/Cabinet/PAC)

Position	Name	Appointment Expires
Chair	Dr Micheal Easson AM	When term ends as ICON Director
Deputy Chair	Ms Wendy Caird	When term ends as ICON Director
Director	Mr John Knox	When contract as CEO ends.
Director	Ms Rachel Peck	When term ends as ICON Director

(Note: Term could end earlier if Icon Water Board decide)

3. ActewAGL Joint Partnership Board- 6 Positions - 3 from ICON Board (No VS approval required) - Plus three from other Partners

Position	Name	Appointment Expires
Chair(Rotates 2 yearly)	Dr Michael Easson AM	1 July 2017 (as Chair)
Deputy Chair(Jemena)	Mr Paul Adams	Jemena decides
Director (AGL)	Mr Paul Frazer	AGL decides
Director (SPI)	Ruan Qiantu	SPI decides
Director (ICON)	Mr John Knox	When contract as CEO ends
Director (ICON)	Ms Wendy Caird	When ICON Board decides
Alternate ICON Director	Ms Rachel Peck	When ICON Board decides

Next Appointment due for consideration



ACT
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Chief Minister, Treasury and
Economic Development

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To: Chief Minister
Deputy Chief Minister

Subject: Quarterly Meeting with Icon Water 29 February 2016

Critical date and reason

1. **25 February 2016.** Information for your meeting with Icon Water on 29 February 2016 at 9.30am in the Chief Minister's office.

Recommendations

2. That you note the information.

Andrew Barr MLA / /
NOTED/PLEASE DISCUSS

Simon Corbell MLA  ^{29 2 16} / /
NOTED/PLEASE DISCUSS

- Michael Costello - follow up.



24 February 2016

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

Mr Simon Corbell MLA
Deputy Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Andrew
Dear Chief Minister

Simon
Dear Deputy Chief Minister

As you will recall, Icon Water provided a Shareholder's strategic briefing on 9 December 2015. At that meeting the Chief Minister asked how Icon Water and ActewAGL were prepared to respond to climate change driven events. Icon Water Board members committed to provide a paper to the Chief Minister to outline key arrangements in place.

I am pleased to provide a summary paper – Responding to Climate Change Driven Events. The paper was prepared in consultation with ActewAGL and provides information on how the ACT's water, sewerage, gas and electricity networks are prepared to respond to climate change driven events.

Should you have any questions concerning the paper, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director



Responding to Climate Change Driven Events

Prepared for Icon Water Shareholders

February 2016

Executive summary

Icon Water and ActewAGL are well-placed to respond to climate change driven events. The ACT's water, sewerage, gas and electricity networks already contain measures, such as inbuilt redundancy, that support operational continuity through disruptive events.

Key points from this paper are:

- climate change will impact water and energy utilities in a range of areas
- in addressing related challenges we operate in alignment with the related ACT Government strategy
- we use a detailed model to forecast water demand
- we leverage external relationships to build knowledge and capability to respond to climate change
- in-built redundancy will offset key climate change challenges to the water and sewerage networks
- current operational, emergency and continuity planning address climate related challenges
- our emergency planning is integrated with Territory and Commonwealth agencies and plans
- we continue to train our workforce to respond to all types of emergencies
- action is underway to remove key sources of bushfire risk associated with the electricity distribution network
- ActewAGL continues to work with the ACT Government to minimise the risk of electricity distribution lines causing bushfire
- the gas distribution network has in-built redundancy through two sources of supply
- the electricity distribution network has in-built redundancy through two sources of supply
- ActewAGL's emergency planning is integrated with Territory and Commonwealth agencies and plans.

Introduction

This paper outlines arrangements in place, underway and planned to support operational continuity of the ACT's water, sewerage, gas and electricity networks. These arrangements minimise operational disruption resulting from climate change driven events, as well as other business disruption events un-related to climate change.

Firstly, the climate change driven challenges facing all water and energy utilities are outlined. Then, for Icon Water and ActewAGL separately, this paper discusses actions to build resilience under the headings:

- knowledge and collaboration
- taking action
- emergency preparedness and response.

Climate change challenges

Climate change will impact water and energy utilities in a range of areas.

Water and energy utilities can expect the challenges associated with climate change driven events to increase as warming continues. Table 1 (over page) identifies some of these challenges and likely impacts.

Other general impacts on business operations that may result from these climatic changes include:

- supply chain interruptions (caused by resource scarcity) or interruptions to the delivery and distribution of essential resources such chemicals
- increases in business insurance levels and costs (due to increased storm, drought and bushfire activity)
- varying energy prices resulting from the introduction of a revised carbon policy.

In addressing these challenges we operate in alignment with the related ACT Government strategy.

Related Icon Water and ActewAGL activities align with *Weathering the Change, The ACT Climate Change Strategy 2007-2025*. Broadly, Icon Water and ActewAGL seek to adopt strategies that improve the resilience of our water, sewerage and energy networks when faced with climate change driven events.

Table 1. Climate change challenges and likely impacts

Area of impact	Temperature increases	Severe storms	Prolonged dry weather	More frequent and severe bushfires
Catchment and water quality	<ul style="list-style-type: none"> ▪ Increased algal blooms and presence of pathogens in catchments ▪ Increased chemical dosing ▪ Increased biosecurity threats 	<ul style="list-style-type: none"> ▪ Increased inflows with flooding, turbidity and erosion to source waters 	<ul style="list-style-type: none"> ▪ Stress on catchment health ▪ Increased environmental water needs / Decreased reservoir yield 	<ul style="list-style-type: none"> ▪ Poor water quality and additional pressure on water treatment processes ▪ Reduced yield during regrowth
Sewerage and water network	<ul style="list-style-type: none"> ▪ Increased odours in sewer ▪ More root intrusion to water and sewer network 	<ul style="list-style-type: none"> ▪ Asset damage or failure ▪ Increased inflows to sewer system with increased overflows to waterways and non-compliance 	<ul style="list-style-type: none"> ▪ Increase in water main bursts 	<ul style="list-style-type: none"> ▪ Infrastructure damage or failure ▪ Decreased continuity and levels of service
Water supply	<ul style="list-style-type: none"> ▪ Increased demand for potable supply by customers ▪ Increased evapotranspiration from dams 		<ul style="list-style-type: none"> ▪ Increased demand for water for irrigation ▪ Reduced inflows ▪ Reduced water availability 	<ul style="list-style-type: none"> ▪ Contamination of water supply
Energy supply	<ul style="list-style-type: none"> ▪ Power supply interruptions ▪ Increased peak demands ▪ Power black-outs/ brown-outs ▪ Potential to cause fire 	<ul style="list-style-type: none"> ▪ Power supply interruption ▪ Damage to power lines and disruption of power supply 	<ul style="list-style-type: none"> ▪ Increased operational energy demand for water supply 	<ul style="list-style-type: none"> ▪ Damage to power lines and disruption of power supply

Building resilience – Icon Water

Knowledge and collaboration

We use a detailed model to forecast water demand.

Icon Water places water demand modelling and forecasts at the centre of water and sewerage operational and asset planning decisions. Our water demand model is based on a suite of climate models including the South East Australian Climate Initiative, using 50,000 years of stochastic data for rainfall, streamflow and other climatic data. Analysis using this model has informed major water security infrastructure planning and development, and enables us to forecast and prepare for future demand and supply scenarios.

The consideration of climate change in asset management planning and decision making is promoted through Icon Water's Sustainability Scorecard assessments, adapted from the Infrastructure Sustainability Council of Australia's Infrastructure Sustainability Rating Tool. Asset management project options are scored on how well each option considers and integrates design requirements that reduce the impact of climate change risks for new or upgraded infrastructure.

We leverage external relationships to build knowledge and capability to respond to climate change.

Icon Water maintains strong partnerships with industry and peak bodies, such as the Water Services Association of Australia to build knowledge and leverage off a range of climate change related tools and research. Some examples of collaborative projects in the water industry include:

- development of an online climate change adaptation tool AdaptWater developed by the Water Services Association of Australia (WSAA), Sydney Water and Climate Risk to assist quantification of risks from climate change and extreme events and provide cost benefit analysis of proposed adaptation options,
- simulation exercises to develop a framework for utilities to respond to water quality impacts from extreme events, and
- development of the WSAA Climate Change Adaptation Guidelines for the water industry.

Icon Water staff attend workshops on climate change, such as those held by Canberra Urban Regional Futures and the Cooperative Research Centre for Water Sensitive Cities (CRCWSC). Engagement with these research organisations allows Icon Water access to the latest research on incorporating water into all facets of planning and making cities more liveable under changing climates. For example, the CRCWSC has developed a Water Sensitive City Index and WSAA is developing Liveability Indicators to assist water utilities, government and industry measure how services can improve liveability in a region.

To further drive a cohesive approach around climate change related issues with government agencies and other organisations, Icon Water is involved in forums and committees that consider climate change impacts and challenges, such as the ACT and Region Catchment Management Coordination Group, the Director-General's Water Group and the Security and Emergency Management Senior Officials Group (SEMSOG).

Taking Action

Our water and sewerage networks incorporate infrastructure measures that will minimise the impact of climate change driven events. For example:

- The bypass dam at Lower Molonglo Water Quality Control Centre (LMWQCC) assists to regulate sewage flows through the treatment plant and allows diversion during flood events.
- The enlargement of the Cotter Dam and construction of the Murrumbidgee to Googong Pipeline and Tantangara Transfer have significantly increased the ACT's overall water storage capacity by 35 per cent, bringing diversified supply options that will minimise the impact of drier conditions or drought to water supply.

In-built redundancy will offset key climate change challenges to the water and sewerage networks.

A range of infrastructure redundancies and processes are in place to ensure business continuity during a severe event or emergency. For example:

- We have two major water treatment plants at Stromlo and Googong, both connected to the Canberra water distribution network. During normal operations only one water treatment plant is generally in operation, but we have the ability to use both or switch over to the other as required.

- Backup power generators are located at critical infrastructure for continuity of facility functionality in a case of power supply disruption.
- The Fyshwick sewage treatment plant provides wet weather attenuation for the sewerage network, to regulate flows and prevent overflows in severe wet weather scenarios.
- Contractual arrangements are in place for essential products and services such as sourcing of chemicals for water and sewage treatment. These will ensure access to alternative suppliers in times of need.

Increasing temperatures and severe storms are expected to increase water quality hazards in our catchments and are likely to increase algal growth and the presence of pathogens in reservoirs. As a risk mitigation measure, much focus has been on improving the capacity for water quality treatment processes to remove these increased pollutants and pathogens. Completed upgrades to the Googong water treatment plant include a powdered activated carbon plant, dissolved air flotation filtration, and an improved sludge dewatering process.

Current operational, emergency and continuity planning address climate related challenges.

In general, Icon Water works to address the challenges of climate change driven events through the Water Supply and Sewerage Emergency Management Plans, annual Bushfire Operational Plans, our Energy Strategy, Environmental Management Plans and asset replacement programs. Planned improvements to our Enterprise Asset Management System will assist to monitor and identify where further critical responses are required.

Emergency preparedness and response

Icon Water is a critical stakeholder in the ACT and region emergency management arrangements. Icon Water is a member of the Security and Emergency Management Senior Officials Group (SEMSOG) and Senior Emergency Management Planning Group (SEMPG). We also provide support to other agencies in response to incidents, such as the ACT Fire and Rescue service.

Our emergency planning is integrated with Territory and Commonwealth agencies and plans.

Icon Water is incorporated within the ACT Government Territory Wide Risk Assessment and within the Australian Government Critical Infrastructure Resilience Strategy to mitigate the impact of a range of natural and other hazards.

Annually, we develop a Bushfire Operational Plan that is approved by the Commissioner of the Emergency Services Agency. Implementation of this plan requires on-ground actions to reduce the risk and impact of bushfire on our assets.

We continue to train our workforce to respond to all types of emergencies.

We are committed to ensuring our workforce has appropriate emergency response training. To date, more than 30 employees have completed Australasian Inter-services Incident Management System (AIIMS) training and 14 employees have achieved AIIMS accreditation as Incident Controllers. Upskilling staff in this way allows Icon Water to integrate with ACT Government and national emergency management systems.

Icon Water has raised the need to improve sharing of geo-spatial information between the ACT Government, Emergency Services and Icon Water, particularly the mapping of critical infrastructure to ensure critical water and sewerage assets continue to function and obtain necessary support in emergency events.



31



26 February 2016

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

Mr Simon Corbell MLA
 Deputy Chief Minister
 ACT Legislative Assembly
 London Circuit
 CANBERRA ACT 2600

Andrew
 Dear Chief Minister

Simon
 Dear Deputy Chief Minister

Dividend for financial year 2015–16

Background

Icon Water and ACT Government's Treasury formed a joint working group in 2015 to review Icon Water's financial health. There is recognition that, without changes to the current 100% dividend policy, Icon Water's gearing will reach unsustainable levels at some point in the future. It is my understanding that Cabinet is due to consider the dividend policy in March 2016. Pending the transition to a sustainable dividend policy, there is an opportunity to provide temporary dividend relief given the extraordinary profit upside expected this financial year and preserve Icon Water's 2014–15 gearing ratio through reducing the amount that Icon Water would otherwise borrow. Providing temporary dividend relief aligns with the existing dividend policy framework whereby the shareholders ultimately sets the dividend to be paid by Icon Water from year to year.

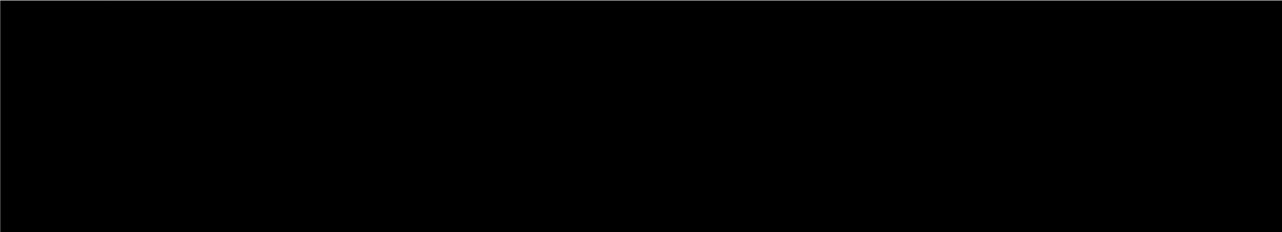
Significant 2015-16 net profit after tax upside

This financial year we anticipate significantly higher than budgeted results for net profit after tax (NPAT).

NPAT for the first half year exceeded budget by \$33m. The 2015–16 full year NPAT is anticipated to be around \$50m higher than the \$69.2m budget. This will be validated further upon completing the detailed full year forecast in March 2016.

The NPAT is subject to weather-driven energy and water revenue and development activity driving gifted asset revenue. The current upside is specifically attributable to the following factors:



- 
- Icon Water's budget submission, consistent with prior years, did not budget for gifted assets revenue. Gifted assets revenue is \$11.4m favourable to budget.
 - Water and sewage revenue exceeding budget by around \$6.2m mainly due to favourable weather conditions driving additional water sales. It should be noted that January and February weather conditions and associated water sales has been closer to budget.
 - Icon Water is working hard to reduce its operating expenditure. For the half year operating expenditure is \$4.7m below budget, although this favourable variance will reduce by year end.
 - Interest expense is \$4.3m favourable to budget as a portion of Icon Water's debt is linked to the Consumer Price Index (CPI), with the current CPI lower than budget.
 - As a result of the profit upside outlined above, income tax expense is higher than budgeted, by \$15.7m.

Dividend Relief


An opportunity exists to provide Icon Water temporary dividend relief by excluding the extraordinary NPAT upside from the existing 100% dividend policy. This could be achieved by setting the dividend payment based on the 2015–16 budgeted profit of \$69.2m with 80% being payable on 30 June 2016 and the remaining being paid on 31 October 2016. This temporary dividend relief will enable Icon Water to temporarily stabilise its gearing ratio for 2015–16 (circa 55%) and reduce the amount that Icon Water would otherwise borrow this financial year.

ACT Government Implications

ACT Treasury has confirmed that the profit upside for Icon Water in 2015–16 has not been reflected in the ACT Government's 2015–16 Budget Review. In the event that temporary dividend relief is provided, the ACT Government will still receive additional income tax revenue of around \$21m given the additional Icon Water profit, positively contributing to the ACT Government 2015-16 Net Operating Balance.

Your consideration on providing Icon Water temporary dividend relief for 2015-16 is appreciated.

Yours sincerely



John Knox
Managing Director
Icon Water



10 March 2016

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

Mr Simon Corbell MLA
 Deputy Chief Minister
 ACT Legislative Assembly
 London Circuit
 CANBERRA ACT 2600

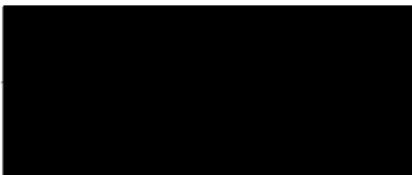
Dear Chief Minister *Andrew*

Dear Deputy Chief Minister *Simon*

I am pleased to provide the agenda and approved meeting minutes from the Icon Water Limited's Board meeting no.235 held on 10 February 2016.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
 Managing Director



Board Meeting No. 235

Time/Date: 12.00pm Wednesday 10 February 2016

Venue: Icon Water Board room, level 5

Address: ActewAGL House, 40 Bunda Street, Canberra ACT 2601

	Board administration	Purpose	Participant/s
1	Apologies	<i>noting</i>	All
2	Directors disclosure	<i>noting</i>	All
3	Previous minutes	<i>noting</i>	All
4	Matters arising from previous minutes	<i>noting</i>	All
5	Out of session papers	<i>noting</i>	All
6	Shareholders correspondence	<i>noting</i>	Knox
7	Managing Director's report	<i>noting</i>	Knox
8	Risk and Assurance Committee update (oral)	<i>noting</i>	Lilley
9	Subsidiary board observer	<i>noting</i>	Chair
10	Strategic performance report and quarterly report to shareholders	<i>decision</i>	Breaden
11	Statement of Corporate Intent 2016–17	<i>decision</i>	Breaden
12	Business performance report – Business Services	<i>noting</i>	Breaden [REDACTED]
13	Strategic project reporting and communication	<i>noting</i>	Breaden
14	ICT strategy: target state implementation overview	<i>noting</i>	Spurrett
15	Enterprise Asset management strategy	<i>noting</i>	Lewry/Hezkial
16	Asset Management and Maintenance System project establishment	<i>noting</i>	Lewry/Hezkial
17	Business performance report – Asset Management	<i>noting</i>	Lewry
18	Business performance report – Project Delivery, Operations and Maintenance	<i>noting</i>	Hezkial
19	Cross agency forums on planning and management	<i>noting</i>	Knox [REDACTED]
20	People strategy 2016–17	<i>noting</i>	[REDACTED]
21	Business performance report – People and Performance	<i>noting</i>	[REDACTED]
22	Executive succession planning	<i>noting</i>	Knox/Spence
23	Regulatory Affairs and Pricing	<i>noting</i>	[REDACTED]
24	Regional opportunities – regulation	<i>noting</i>	Sachse [REDACTED]
25	Efficiency benchmarking initiative – update	<i>noting</i>	Sachse
26	Business performance report – Finance	<i>noting</i>	Sachse
27	Consolidated financial performance	<i>noting</i>	Sachse [REDACTED]
28	Gifted Assets	<i>noting</i>	Sachse [REDACTED]
29	Business performance report – Joint Venture financial performance	<i>noting</i>	Sachse

Next meeting

Meeting no. 236 at 12.00pm on Thursday 21 April 2016

Venue: Icon Water Limited boardroom, ActewAGL House, level 5, 40 Bunda St, Canberra ACT 2600

Minutes Board Meeting No. 235

Date: Wednesday, 10 February 2016

Page: 1 of 7



Minutes of Meeting No. 235 of the Board of Directors of Icon Water Limited ABN 86 069 381 960, held on 10 February 2016, commencing at 12.00pm and concluding at 3.55pm, in the Icon Water Boardroom Level 5, 40 Bunda St, Canberra, ACT 2600.

Present

Michael Easson	Chairman
Wendy Caird	Deputy Chair
John Knox	Managing Director
Rachel Peck	Director
Jenny Goddard	Director
Allan Hawke	Director
Carol Lilley	Director
Tom Parry	Director (via telephone)

Jane Breaden	Company Secretary and General Manager Business Services
[REDACTED]	Executive Officer to Managing Director

Present part meeting

[REDACTED]	Manager Customer and Community Affairs
Richard Spurrett	General Manager Strategic Projects
Amanda Lewry	General Manager Asset Management
Ray Hezkial	General Manager Project Delivery, Operations and Maintenance
[REDACTED]	Manager Advisory
[REDACTED]	Director People and Performance, ActewAGL
[REDACTED]	Manager People Solutions, ActewAGL
[REDACTED]	People and Performance Business Partner
[REDACTED]	Director Regulatory Affairs and Pricing, ActewAGL
[REDACTED]	Principle Economist, ActewAGL
Sam Sachse	General Manager Finance
[REDACTED]	Manager Finance

4431. Apologies 1

No apologies were noted.

4432. Director's disclosures 2

[REDACTED]

Resolution

The Board **noted** Dr Hawke's disclosure.

4433. Previous minutes 3

Resolution

The Board **approved** the minutes of Meeting No. 234 of 17 December 2015.

Minutes Board Meeting No. 235

Date: Wednesday, 10 February 2016

Page: 2 of 7



4434. Matters arising from previous meetings 4

Resolution

The Board **noted** the matters arising.

4435. Out of session papers 5

Resolution

The Board **noted** the out of session papers.

4436. Shareholders correspondence 6

Resolution

The Board **noted** the paper.

4437. Managing Director's report 7

The meeting discussed the upcoming first quarterly meeting between Icon Water and its Shareholders on 29 February 2016. Potential agenda items include ActewAGL's debt program which was discussed at a meeting held between Icon Water, ActewAGL and the Chief Minister's Chief of Staff in January 2016.

Resolution

The Board **noted** the Managing Director's report

4438. Risk and Assurance Committee update 8

Ms Lilley gave an overview of meeting no.2 of the Risk and Assurance Committee (RAC) held prior to the Board meeting, highlighting the following:

- Four audits have been completed since the last report – Financial controls, [REDACTED] – compliance with services agreement, Compliance with Emergency Planning Code and Drinking water quality management.
- The newly appointed Manager Safety, [REDACTED] attended the meeting and provided an overview of three work health and safety strategy initiatives including asset profiling and inspection, mental health and safety management system.
- Three reportable incidents have been reported to WorkSafe ACT or WorkCover NSW. The Committee had recently requested further analysis relating to workplace injury and motor vehicle incidents. This analysis has been included in reporting and has been valuable in gaining greater understanding.
- Various emergency management testing has been undertaken. The Committee has asked for material relating to the hierarchy of emergency management plans and related documentation as well as the outcomes of recently completed tests, in order to gain greater understanding of emergency management processes. Recent testing has indicated that employees may also require further education and understanding of the established documentation hierarchy.
- All Icon Water employees have now completed fraud and corruption training.
- New items have been added to the Strategic Risk Register and there appears to be some duplication relating to existing items. Management has undertaken to review the report with this observation in mind.
- The Committee received an update on gifted assets. All control changes have been implemented and an interim reconciliation between the subsidiary system and fixed asset register will occur in May 2016, in preparation for final reconciliation in June 2016.

Minutes Board Meeting No. 235

Date: Wednesday, 10 February 2016

Page: 3 of 7



- An overview was provided of the assurance mechanisms in place to address the risks associated with the Business Transformation Program.
- Management provided the annual overview of treasury management and an update on the debt management strategy. The Committee requested related papers be circulated out of session to the Board.

The Board discussed the important and broad subjects addressed by the RAC and agreed minutes from each meeting should be circulated to all Board members. Management undertook to facilitate this request.

Action

Management to distribute RAC meeting minutes following each meeting to all Board members.

Resolution

The Board **noted** the Risk and Assurance Committee update.

4439. Subsidiary board observer 9

Resolution

The Board **noted** the standing invitation to Dr Thomas Parry AM to attend and act as an observer on the boards of Icon Distribution Investments Limited (IDIL) and Icon Retail Investments Limited (IRIL).

4440. Strategic performance report and quarterly report to shareholders 10

The Board received an overview of the paper including clarification regarding material provided in the quarterly report to shareholders.

The Board requested the following be considered for inclusion in future quarterly reports:

- a definition of long term injuries (LTI) and serious injuries (SI)
- further detail regarding the community consultative forum and the community education program.

Resolution

The Board:

- **noted** strategic performance outcomes for quarter two 2015–16
- **approved** the Statement of Corporate Intent (2015-16) Second Quarter Report to Shareholders – 1 October 2015 to 31 December 2015.

4441. Statement of Corporate Intent 2016–17 11

The meeting discussed the Statement of Corporate Intent (SCI) and suggested some minor changes in regard to target definition and presentation of information.

Resolution

Subject to the suggested changes, the Board:

- **approved** the change of the 'brand' strategic objective to 'customer'
- **noted** the revised performance measures and service delivery targets
- **noted** that management will provide a draft 2016–17 SCI for Board consideration out of session in early March 2016
- **noted** future changes to quarterly Board reporting on the implementation of the strategic objectives contained in the SCI.

Minutes Board Meeting No. 235

Date: Wednesday, 10 February 2016

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4442. Business performance report – Business Services 12

A high level overview of the report was provided to the Board, with the following items highlighted:

- status and development of the community consultative forum
- the Icon Water education program, which was previously informal in nature, is being reviewed, with the development of a targeted and scheduled program.

The meeting discussed the Community Support Program. Management advised that customer feedback and survey results were being incorporated into developing a more balanced and better aligned sponsorship program for Icon Water.

The Board requested further detail regarding the strategy and rationale of the Community Support Program be provided, and a detailed sponsorship spend report be included in future Board papers.

Action

Management to provide more detail regarding the Community Support Program to the April 2016 Board meeting and include details regarding sponsorship costs in future Board reporting.

Resolution

The Board **noted** the current performance of the Business Services Group.

4443. Strategic project reporting and communication 13

The Board expressed interest in learning more about strategic projects and business transformation and advised a briefing with the General Manager Strategic Projects was being scheduled.

Resolution

The Board **noted** management's intention to:

- report biannually on each key strategy and their related strategic projects
- communicate the combined set of strategic projects as the Business Transformation Program.

4444. ICT strategy: target state implementation overview 14

The Board received a high level overview of the paper and queried when, and how regularly, expenditure updates would be provided. Management advised that further information would be provided to the June 2016 Board meeting, which aligned with the business case due date.

Resolution

The Board **noted** the overview of the projects and implementation approach to deliver the Level 3 'Defined' maturity target state of Icon Water's Information, Communications and Technology (ICT) strategy.

4445. Enterprise Asset Management strategy 15

An outline of the paper was provided to the meeting.

The Board queried how cost implications would be communicated, and were advised costs would be reported through profit and loss reporting. The Board commented the maturity models provided in the paper were helpful.

Resolution

The Board **noted** the Enterprise Asset management strategy.

Minutes Board Meeting No. 235

Date: Wednesday, 10 February 2016

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4446. Asset Management and Maintenance System project establishment 16

The Board were briefed on the highly collaborative project and discussed strategies regarding avoiding cost variations and the setting of timeframes and target dates.

Action

Management to provide an update on the AMMS project to the April 2016 Board meeting.

Resolution

The Board **noted** the establishment of the Asset Management and Maintenance System project.

4447. Business performance report – Asset Management 17

Resolution

The Board **noted** the current performance of the Asset Management Group.

4448. Business performance report – Project Delivery, Operations and Maintenance 18

An overview of the paper was provided to the meeting including advice that the capex forecast may require downward revision. An update regarding remediation works being completed on the backwash tank at the Lower Molonglo site was also provided.

Resolution

The Board **noted** the performance report of the Project Delivery, Operations and Maintenance Group.

4449. Cross agency forums on planning and management 19

Resolution

The Board **noted** the information presented in this paper, including the current focus of activities being undertaken by each of the forums identified.

4450. People strategy 2016–17 20

The meeting discussed the paper and provided feedback for management's consideration.

Action

Management to prepare for the Board meeting in April 2016, a table on workforce planning, which will include diversity statistics and targets and industry comparison data.

Resolution

The Board **noted** the People Strategy 2016–2017.

4451. Business performance report – People and Performance 21

Further detail was communicated to the Board regarding an existing bullying and harassment complaint, and a complaint received from the Australian Human Rights Commission.

Resolution

The Board **noted** the key People and Performance matters for the period from 1 December 2015 to 31 December 2015.

Minutes Board Meeting No. 235

Date: Wednesday, 10 February 2016

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4452. Executive succession planning 22

The Board received an overview of the report and noted further opportunity for succession planning in the Strategic Projects Group should arise as the group expands.

The Board were advised executive succession planning will be reported annually, in line with organisational performance.

Resolution

The Board **noted** the Executive Succession Plan.

4453. Regulatory affairs and pricing 23

The meeting discussed the appointment of the interim Commissioners at the Independent Competition and Regulatory Commission, and were advised that Mr Knox, [REDACTED] and Mr Sachse would meet with the interim commissioners on 12 February 2016.

Resolution

The Board **noted** the developments in economic regulation of water and sewerage services in the ACT.

4454. Regional opportunities – regulation 24

Resolution

The Board **noted** the key considerations regarding the potential regulation for each of the cross-border opportunities under review.

4455. Efficiency benchmarking initiative – update 25

Resolution

The Board **noted** the benchmarking update and timeline, including the intention to provide further updates on the process once detailed investigation has been performed into identified outlier areas.

4456. Business performance report – Finance 26

Resolution

The Board **noted** the current performance report of the Finance Group and the potential increase to the capital project cost for the Mitchell Accommodation Project to \$13.7m.

4457. Consolidated financial performance 27

Resolution

The Board **noted** the consolidated financial performance report for the period ended 31 December 2015.

4458. Gifted Assets 28

Resolution

The Board **noted** the information provided in respect of gifted assets.

4459. Business performance report – Joint Venture financial performance 29

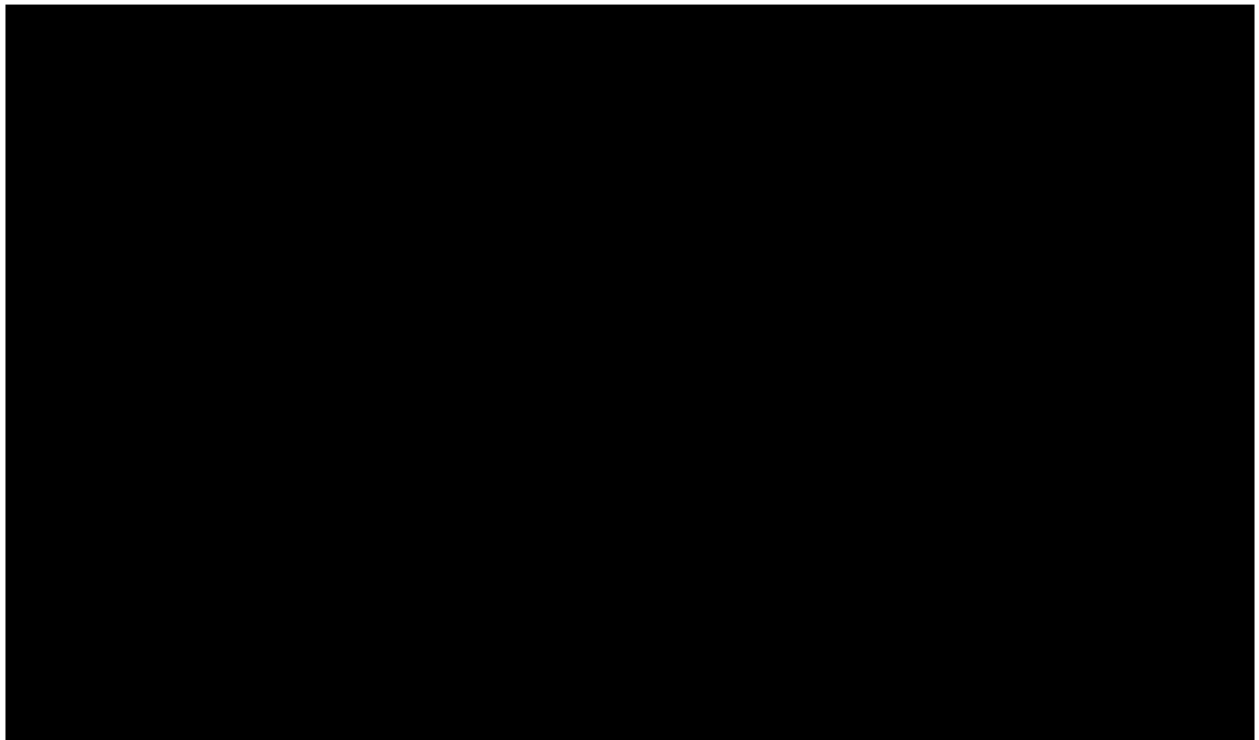
Resolution

The Board **noted** the current performance of ActewAGL Group for the period ended 31 December 2015 and the key matters facing ActewAGL.

Minutes Board Meeting No. 235

Date: Wednesday, 10 February 2016

Page: 7 of 7



Meeting closed

Meeting closed at 3.55 pm.

NEXT MEETING: Meeting no. 236 at 12.00 pm on Thursday, 21 April 2016 at ActewAGL House, 40 Bunda St Canberra ACT.



15 March 2016

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

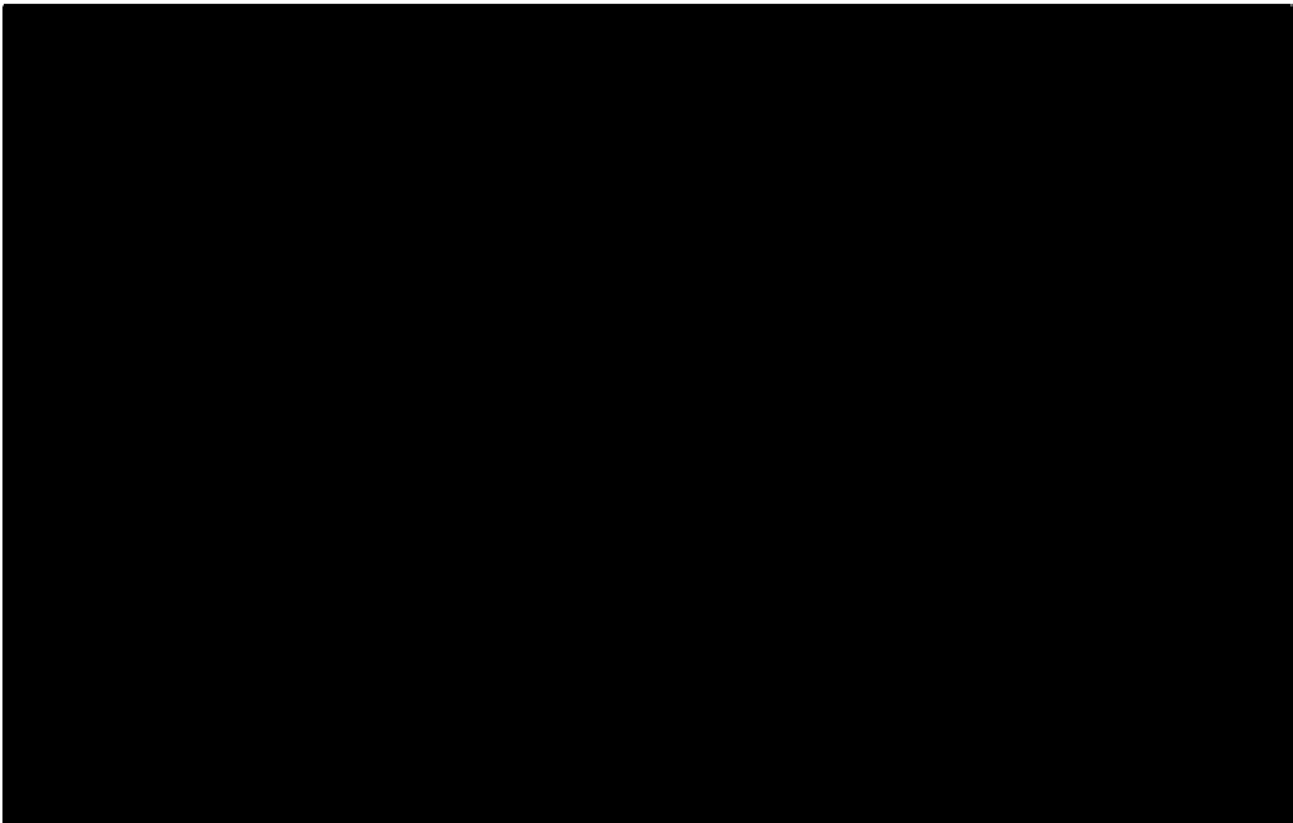
Mr Simon Corbell MLA
Deputy Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

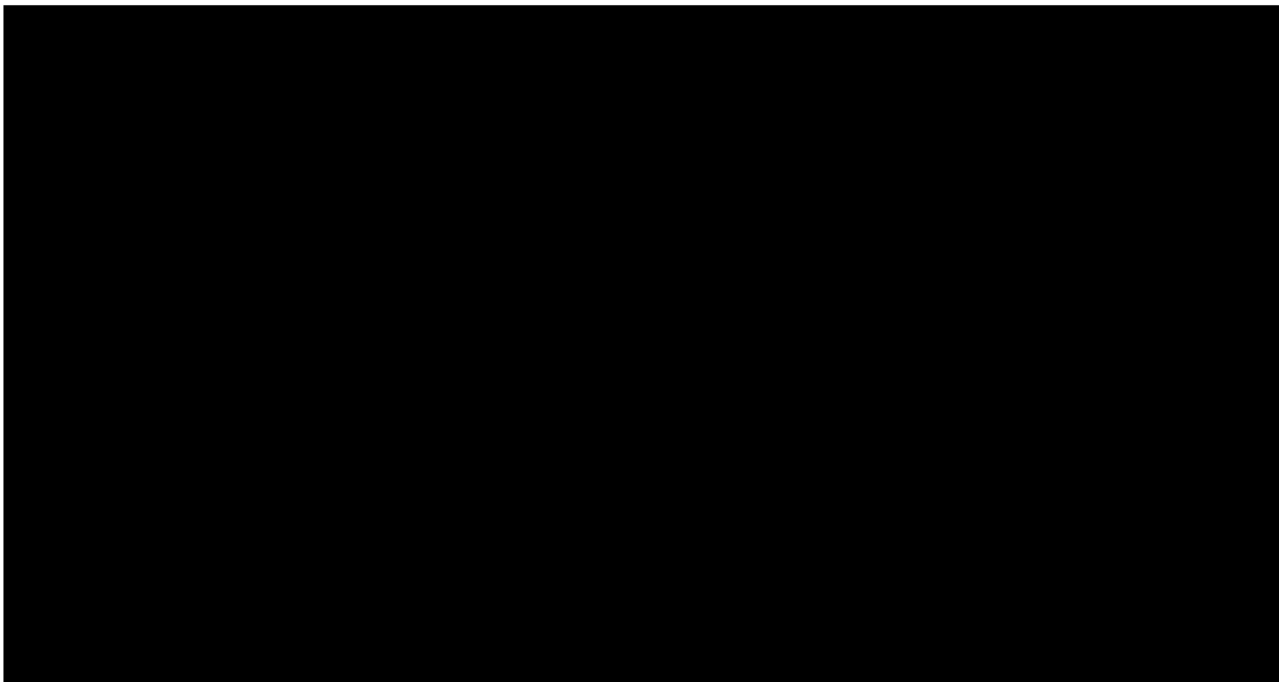
Andrew
Dear Chief Minister

Simon
Dear Deputy Chief Minister

Icon Water shareholder meeting

Please find below a summary of the issues discussed at our meeting on 29 February 2016.



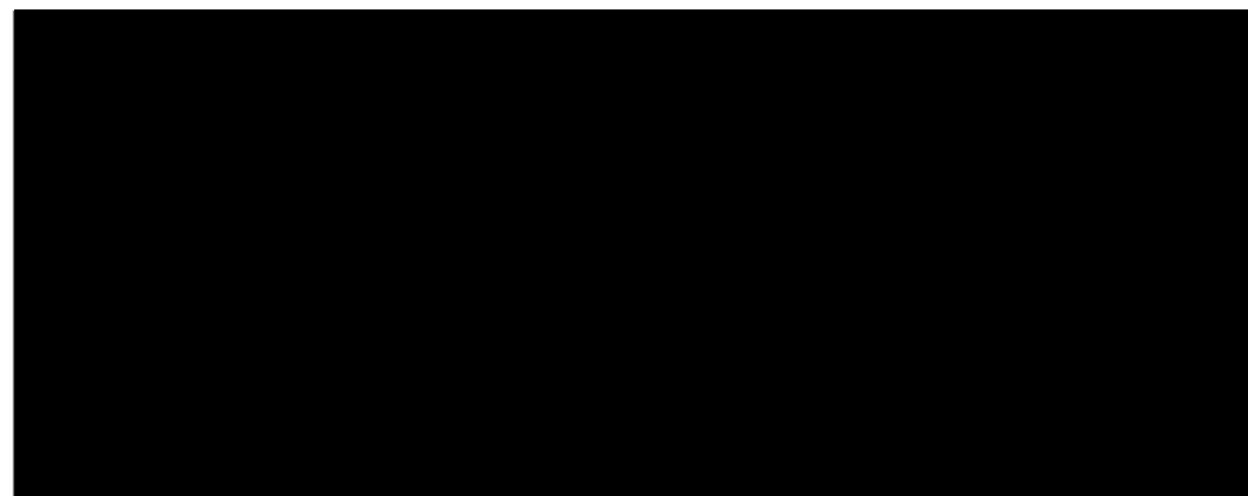


5. PAC hearing 31/3/16 – AG’s Bulk Water Alliance audit

- The Shareholders noted that Icon Water will be ready for the PAC hearing and that the information disclosed in the Auditor-General audit report will be the basis for Icon Water’s responses to questions.

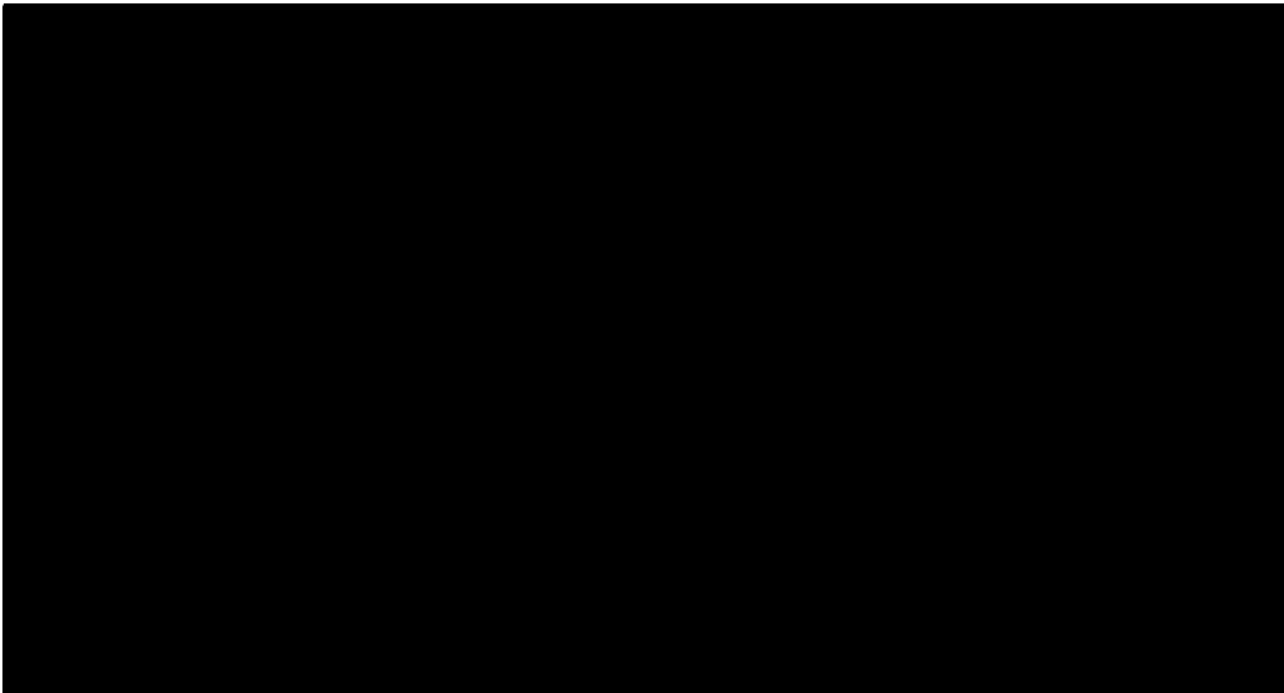
6. Icon Water Financial performance FY15-16 & 16-17

- The Shareholders noted Icon Water is expecting to generate significant additional profit for 2015-16 of between \$33m and \$50m dependant on weather conditions.
- Icon Water proposes to apply this profit upside to reduce the amount of debt borrowed in 2015-16 which will preserve its 2014-15 gearing ratio.
- The ACT Government will also generate an improved budget position for the year due to the additional income tax it will receive associated with Icon Water’s higher profit.
- The Shareholders agreed to consider Icon Water’s proposal for temporary dividend relief.



9. Icon Water Board succession planning

- There are a number of board members whose term is expiring over the next twelve months. ACT Treasury will provide advice to Icon Water on the process to fill any vacancies.
- The status of Board members is outlined below:
 - Allan Hawke - Final term expires 6 Dec 2016
 - Michael Easson (Chairman) - Expires 17 Mar 2017
 - Wendy Caird (Deputy Chair) - Term 3 expires 17 Mar 2017
 - Rachel Peck - Term 2 expires 2 May 2017
 - Jenny Goddard - Term 2 expires 1 Nov 2017
 - Tom Parry will join the subsidiaries (IDIL and IRIL) as an observer pending Rachel Peck's term concluding
 - Tom Parry would be recommended by Icon Water Board to join ActewAGL Board in March 2017
- The Shareholders noted that Icon Water would benefit from new board members having the following experience:
 - Technology/Business transformation
 - Asset Management



If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director



16 March 2016

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

Mr Simon Corbell MLA
Deputy Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Dear Chief Minister

Dear Deputy Chief Minister

I am pleased to provide you with Icon Water Limited's (Icon Water) Draft *Statement of Corporate Intent 2016-17 to 2019-20* (draft SCI) approved by the Icon Water Board out of session on 15 March 2016.

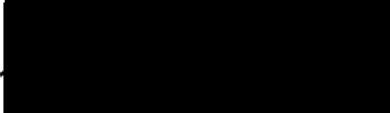
The draft SCI was prepared in accordance with guidelines provided by the Chief Minister, Treasury and Economic Development Directorate and is attached for your comment.

Please note that the 2013-14 industry average figures contained in the key service delivery targets (in section 6 of the draft SCI) will be updated with 2014-15 figures when the figures become available in late March.

Please also note that the draft budget and forecast financial statements for 2016-17 to 2019-20 (at Appendix A of the draft SCI) may be updated between now and the submission of the final SCI with the finalisation of the 2016-17 budget papers in May 2016.

I look forward to receiving your feedback on the draft SCI. In the meantime, if you have any questions concerning the draft SCI, please do not hesitate to contact me.

Yours sincerely


John Knox
Managing Director



Statement of Corporate Intent

2016–17 to 2019–20

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

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

talktous@iconwater.com.au | (02) 6248 3111 | [@iconwater](https://www.instagram.com/iconwater) | iconwater.com.au

Icon Water Limited ABN 86 069 381 960

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1. Managing Director's message

During 2015–16, we continued to pursue our four strategic objectives, centred on:

- a culture that protects, engages and develops our people
- excellence in asset management
- establishing a trusted brand
- delivering sustainable financial returns.

Three out of these four strategic objectives will continue in 2016–17. Since the 'brand' strategic objective was first identified in our 2014–15 Modified Statement of Corporate Intent, a number of the key related activities have been finalised or well progressed. In light of this progress, the key activities and outcomes identified for 2016–17 against the 'brand' strategic objective will be incorporated into our new *customer* strategic objective: meeting customer needs, exceeding customer expectations.

This Statement of Corporate Intent 2016–17 to 2019–20 identifies the strategies being implemented to achieve our four strategic objectives and outlines the key activities that will be undertaken in 2016–17.

Icon Water and its predecessor organisations have supplied Canberra with quality water and wastewater services for 100 years. We are proud of the contribution to the Canberra community and are committed to meeting the needs of the community in the delivery of our services in the future.

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.



John Knox
Managing Director
Icon Water Limited
16 May 2016

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 2016–17 to 2019–20, Icon Water will continue to pursue four strategic objectives through strategies relating to:

- people
- asset management
- customer
- 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

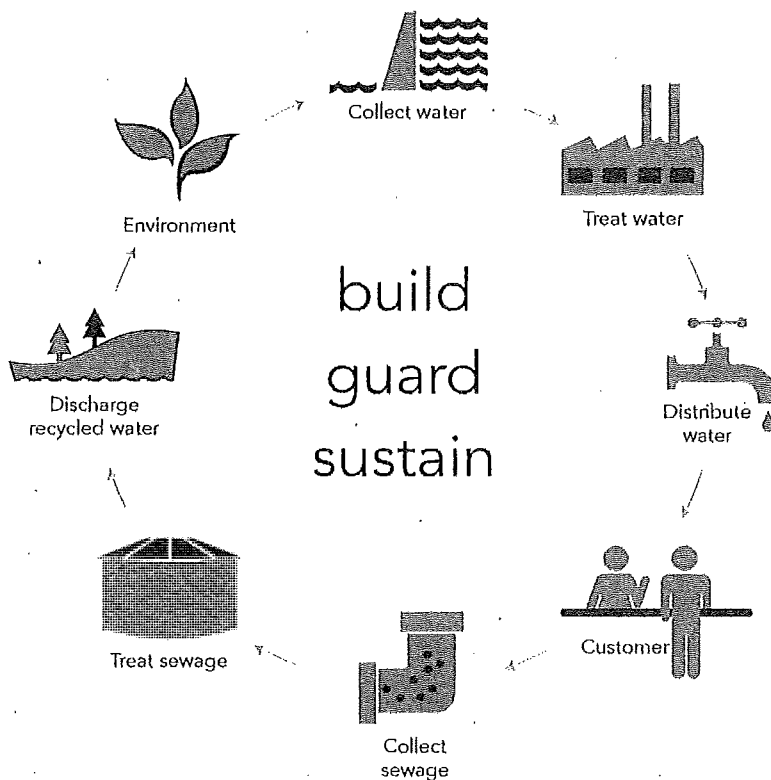
This SCI has been prepared in accordance with the *Territory-owned Corporations Act 1990* (TOC Act). It contains the five elements specified in the TOC Act along with relevant additional information. These elements are contained in Sections 3 to 6.

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. With around 390 staff, we consistently deliver safe drinking water and reliable sewerage services to approximately 165,000 customers.



Energy investment

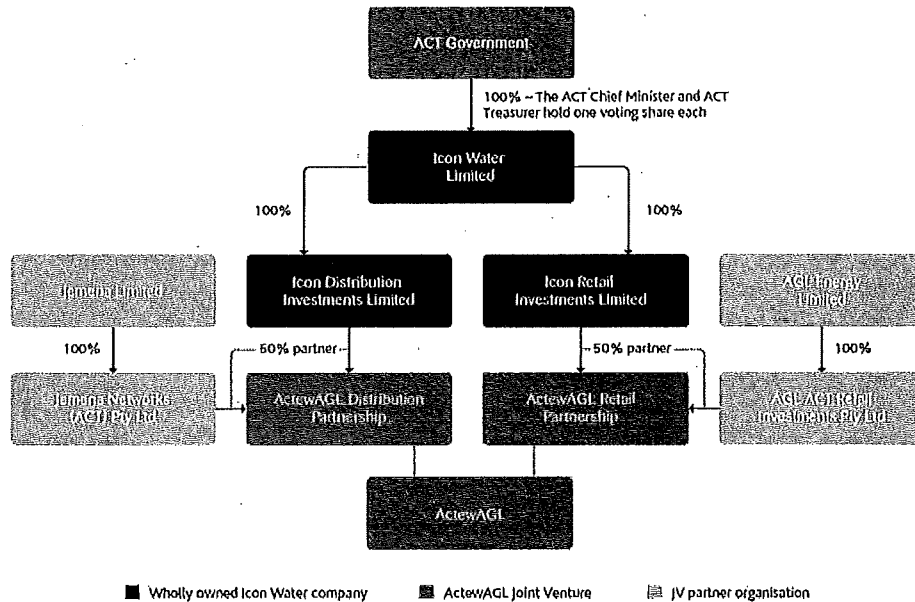
Icon Water is a 50% partner in ActewAGL. ActewAGL consists of two partnerships:

- 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 delivers benefits to Icon Water which are consistent with Icon Water's main objectives under the TOC Act.

Ownership structure



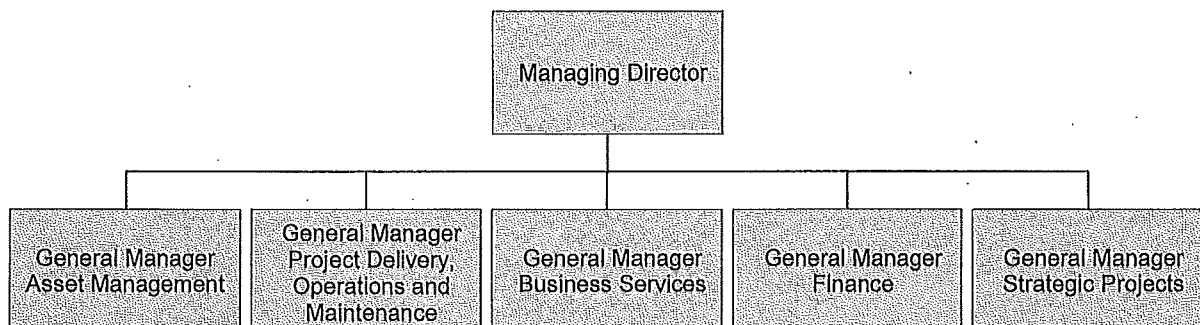
Governance and accountability

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 five groups, each led by a General 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 conduct strategic planning to identify 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 2016–17 to 2019–20. Four strategies are outlined below, along with key activities to be undertaken for each strategy during 2016–17. 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 we will continue implementing a work health and safety strategy and people strategy.

The *Work Health and Safety Strategy 2015–16 to 2017–18* aspires to a state where every Icon Water worker, regardless of their position, is a safety leader. A safety leader is anyone who cares enough about Icon Water to take actions that will keep themselves and others healthy and safe, and through those actions inspire others to do the same. The objective of the strategy is a safer workplace, supported by best practice work health and safety management.

During 2016–17 the strategy focusses on standardising safety management processes across the business. Initiatives will include an increased focus on learning from work health and safety incidents to enable continual improvement and setting clear expectations for safe behaviour.

The *People Strategy 2016–17* recognises that our people are the foundational element for achieving other strategic objectives. The strategy seeks to achieve a more engaged and competent workforce through a range of activities in four key areas:

- diversity and inclusion
- highly capable leadership
- planning and analysing talent
- driving performance and development.

The strategy includes a new, all-encompassing diversity and inclusion platform, aimed at maximising the diverse talents of all staff.

Key activities for 2016–17

- Commence a safety engagement program to engender a belief amongst all staff that all safety incidents are preventable.
- Continue implementation of a Just Culture framework.
- Commence a program to reduce musculoskeletal injuries.
- Deliver unconscious bias training to Executives, Managers and Team Leaders.
- Develop a leadership capability framework for Executives, Managers and Team Leaders.
- Conduct an employee engagement survey.

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. The *Enterprise Asset Management Strategy 01 July 2015 – 30 June 2019* is designed to realise excellence in asset management by 30 June 2019. The vision for asset management is to have an Enterprise Asset Management capability that controls the impact of changes to the levers of cost, risk, performance and demand. This vision will be achieved through integrated Enterprise Asset Management that provides:

- clear linkages between stakeholder requirements and operational activities
- defined asset strategy and planning protocols
- frameworks for decision making and risk management
- asset lifecycle delivery management (planning, acquisition, operation, maintenance and disposal) and business support services
- robust and transparent decision making using data analytics based on reliable and managed asset information
- organisational capability and people development.

Key activities for 2016–17

- Finalise the projects to document all asset management processes to leverage the international standard on asset management (ISO 55001:2014 *Asset Management – Management Systems - Requirements*).
- Finalise the revision of all costed maintenance plans that link to stakeholder objectives.
- Commence the Asset Maintenance Management System (AMMS) project to provide information technology solutions to better understand and enhance our use of asset data to inform consistent asset management decisions.
- Develop asset planning analytics and predictive modelling tools to further optimise asset management decisions.
- Provide updated Asset Management Plans and a robust pricing submission to the economic regulator.

Customer strategy

Our vision for customer management is a state where customers view Icon Water as a trusted provider, consistently delivering quality and value.

The *Customer Management Strategy 2016-17 to 2018-19* seeks to achieve the objective of optimised customer management by 30 June 2019. This means, putting customers at the heart of everything we do through:

- effective and engaged people across the business, serving customers
- clear and consistent processes for customer management
- leveraging technology to optimise customer management.

The strategy includes a customer CARE program. The program is designed to focus not only on providing excellent service to our external customers and stakeholders, but also target internal customer service and engagement. By focusing on **Connecting, Assisting, Reviewing and Engaging**, we can provide a continuous cycle of CARE for our internal and external customers.

Key activities for 2016–17

- Commence the customer CARE program.
- Launch the “Talking Icon Water” customer engagement program, including the introduction of a community consultative forum.
- Continue to realign the Community Support Program to our new brand.
- Refine our technology to provide contemporary self-service channels for seamless customer service.

Financial strategy

The financial strategy aims to generate sustainable financial returns and reduce gearing, thereby improving the financial health of Icon Water. Key elements include transitioning to a sustainable dividend policy with increased ability to service existing debt, reviewing the arrangements on funding infrastructure to support regional growth and introducing a debt program for ActewAGL Distribution to fund their growth capital expenditure.

In addition, we will continue to optimise operating expenditure, develop a robust regulatory submission for the next regulatory period starting 1 July 2018 and actively manage the energy investments, ensuring a continuation of the strong financial outcome for Icon Water’s shareholders.

Key activities for 2016–17

- Continue to define the efficiency opportunities within Icon Water and the program of works required to realise the benefits.
- Continue to work with the Independent Competition and Regulatory Commission for approval of an infrastructure funding arrangements code.
- Continue to work with the ACT Government to introduce a debt program for ActewAGL Distribution.

Capital works

The future general capital works program is designed to renew infrastructure to maintain service standards, expand the network to support growth in the ACT, improve our assets to generate efficiencies and renew a number of operational systems including our works management systems.

The top ten Capital Works Program projects are (alphabetically):

- Billing system upgrade
- Googong estate water supply
- Lower Molonglo Water Quality Control Centre – aeration system renewal
- Lower Molonglo Water Quality Control Centre – solids handling
- Mount Stromlo and Googong water treatment plants – disinfection system renewal
- North Weston odour control and ventilation permanent improvements
- Proactive 20mm water meter and property service connection replacement program
- Sewer mains rehabilitation
- Working at heights improvements
- Works and asset management system

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, risk escalation and reporting. 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 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 RAC reviews key risks and their treatment on a regular basis.

A description of our key risks in each risk category for 2016–17 and related mitigation strategies is provided in the following table.

Key risks for 2016–17

Category	Overview	Mitigation strategies
Strategic	Icon Water faces a number of risks that impact on the achievement of strategic objectives. Key risk events include failure to effectively implement operational technology, reduce gearing levels and deliver services to continue to meet growth requirements.	Mitigation strategies include a dedicated project management office to oversee strategic projects, including effective change management.
Safety	Icon Water manages a range of safety related risks to protect the health and safety of staff, contractors and the public. Key risk events include safety incidents involving staff and management of toxic gases in the sewer network.	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 <i>Occupational health and safety management systems – specifications with guidance for use</i> . A Sewer Network Process Team has been established to develop a network monitoring and detection program, along with continuing engagement with businesses in industrial areas to provide further education on trade waste.
Operational	Icon Water has a number of key operational risks relating to the continuity of supply of water and sewerage services, management of the water and sewer network and our ability to respond to business interruptions.	Mitigation strategies include business interruption and emergency response plans, oversight of projects by a dedicated project management office, network monitoring, identification of alternate suppliers for critical goods and services and effective management of asset protection.
Financial	Icon Water's key financial risks relate to expenditure on regulated assets, asset management planning.	Mitigation strategies include a sound governance structure to ensure prudent expenditure, oversight of projects by a dedicated project management office and asset management planning processes.
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 compliance with 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 monitoring and detection processes.
Legal/ compliance	Icon Water has a dynamic legal and regulatory environment and the key legal/compliance risks reflect the organisation'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, we operate a Compliance Management System that conforms with ISO 19600:2014 <i>Compliance management systems – Guidelines</i> .

Main community service obligations

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

In 2016–17 our Community Support budget remains at \$500,000.

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 currently 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 achievement. 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 2017)
People	Timely implementation of related strategies	WHS and people strategies are implemented in accordance with plan
	Serious Injury Frequency Rate (SIFR)	<6 serious injuries per million hours worked
	Staff engagement	54% ¹ of staff surveyed are moderately–highly engaged
Asset management	Timely implementation of enterprise asset management initiatives	Asset management enhancement initiatives are implemented and assessed as competent against the asset management framework
	Service delivery performance	Achievement of service delivery targets for water, sewerage, customer satisfaction and environment and sustainability (see over)
	Effective complaints management	A meaningful response to 100% of complaints within 20 business days ²
Customer	Customer satisfaction	90% of annual survey participants are satisfied with our overall service
	Effective stakeholder relationship management	100% of projects have a stakeholder engagement plan
	Return to government	\$69.84m (profits available for dividends)
Financial	Earnings Before Interest and Tax (Water and Energy)	\$189.6m
	Capital expenditure	+/- 5% of \$111.1m
	Gearing	<57.7%
	Energy use and costs	Demonstrated reductions in business as usual energy use and costs

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

¹ This being the Australian and New Zealand average for utilities.

² As required by the Consumer Protection Code

**Avail: March 2016

Key service delivery targets 2016-17

Service delivery measures		Industry 2014-15 Average**	Target 2016-17
Water			
Quality	Compliance with routine monitoring against the Public Health (Drinking Water) Code of Practice 2007 (ACT) (%)	n/a	100
	Number of zones where drinking water microbiological compliance is achieved (%)	99.9	100
Reliable supply	Water main breaks (per 100km of water main)	23	20-25
	Average duration of an unplanned interruption – water (minutes)	126	111-126
	Frequency of unplanned interruption – water (per 1000 properties)	160	63-127
	Real losses (litres/service connection/day)	68.0	59-73
	Water volume ³ to meet demand (ML/day)	n/a	140-300
Sewerage			
	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
	Percentage of sewage volume treated to a compliant standard (%)	98.1	99
	Sewer overflows reportable to the environmental regulator (no. per 100km of sewer main)	0.4	1.9-5.6
Customer satisfaction			
	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
Environment and sustainability			
	Compliance with environmental flow requirements, licence requirements and environmental authorisations (%)	n/a	100
	Net greenhouse gas emissions (net CO ₂ equivalent per 1000 connected water properties)	n/a	<257 ⁴
	Sustainability infrastructure scorecard is incorporated into all capital projects over \$50,000	n/a	100%
	Operational resource use and waste reduction ⁵	n/a	TBD ⁴
	Percentage of biosolids reused (%) ⁶	102.2	100
	Recycled water (percent of effluent recycled)	13	11-13

³ Volume is the total production by the water treatment plants and supply through the water supply system.⁴ Representing a reduction year on year.⁵ Operational resource use refers to consumption of chemicals, water, paper and generation of waste.⁶ Percentage of biosolids reused may be greater than 100% if a utility is reusing stockpiles of biosolids.

Notes on key service delivery targets

Service delivery standards were derived from the National Performance Report 2014–15: 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 electricity income assumptions are in line with the Australian Energy Regulator's (AER) final pricing determination for Electricity Networks released in April 2015. ActewAGL Distribution appealed the AER decision to the Australian Competition Tribunal (Tribunal). The Tribunal decision is for the AER to reconsider their pricing determination for Electricity Networks which is expected to be completed during 2016-17 financial year.

ActewAGL Distribution gas income assumptions are based on AER draft pricing determination for Gas Networks as the SCI budget will be finalised prior to AER making their final pricing determination.

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.

Dividend to shareholders

This SCI is based on the current Dividend Policy of 100% of net profit (excluding gifted assets).

Appendix A – Forecast financial statements and key financial performance measures

Icon Water Limited Income Statement Year Ended 30 June	Notes	2014-15 Actual \$000	2015-16 Forecast \$000	2016-17 Budget \$000	2017-18 Estimate \$000	2018-19 Estimate \$000	2019-20 Estimate \$000
Revenue							
Water Business		174,136	191,878	190,830	195,640	220,525	225,510
Sewerage Business		116,951	121,589	127,849	134,277	131,818	137,327
Interest Income		2,050	1,394	1,076	1,069	1,096	1,123
Commonwealth Subvention		11,123	11,401	11,687	11,979	12,278	12,585
Energy Investment		101,078	98,339	74,702	74,581	73,080	90,014
Other Revenue		5,829	5,243	3,521	3,609	3,700	3,792
Total Revenue		411,167	429,845	409,666	421,155	442,497	470,351
Expenditure							
ACT Government Charges		34,344	35,773	37,148	38,212	39,482	40,619
Depreciation		43,657	47,928	48,278	51,832	53,798	55,303
Employment Costs		67,040	64,840	63,995	64,861	65,090	66,987
Water Operating Costs		63,387	70,011	71,543	76,343	77,056	78,268
Impairment		317	0	0	0	0	0
Other Expenses		6,617	2,685	7,879	3,190	1,880	1,930
Total Expenditure		215,363	221,236	228,843	234,438	237,306	243,107
Earnings before Interest and Tax		195,804	208,609	180,823	186,716	205,191	227,244
Interest Expense		66,081	71,991	76,807	81,949	76,791	79,082
Earnings Before Interest Tax and Gifted Assets		129,722	136,618	104,015	104,768	128,399	148,163
Gifted Assets		10,598	13,460	9,890	5,679	5,453	5,000
Earnings Before Tax		140,321	150,078	113,905	110,447	133,852	153,163
Tax Expense		42,615	45,023	34,172	33,134	40,156	45,949
Net Profit After Tax		97,706	105,054	79,734	77,313	93,697	107,214
Transfer to/ (from) Retained Profits	a	3,795	1,712	9,890	5,679	5,453	5,000
Profits available for Dividends		101,501	106,766	89,624	82,992	99,150	112,214
Notes:							
a. The 2014-15 dividend to the ACT Government was based on Icon Water's Profit available for Dividends, which excluded gifted assets for Googong Estate.							

Icon Water Limited Balance Sheet Year Ended 30 June	Notes	2014-15 Actual \$000	2015-16 Forecast \$000	2016-17 Budget \$000	2017-18 Estimate \$000	2018-19 Estimate \$000	2019-20 Estimate \$000
Current Assets							
Cash and Cash Equivalents		51,558	40,514	40,865	40,890	40,318	40,908
Held to Maturity Investments		17,000	0	0	0	0	0
Receivables		45,898	47,275	48,693	50,154	51,659	53,208
Other		18,720	16,020	16,020	16,020	16,020	16,020
Total Current Assets		133,176	103,809	105,578	107,064	107,997	110,136
Non Current Assets							
Investments of Other Entities		918,845	959,184	990,886	1,009,466	1,027,046	1,060,060
FITB - Non Current		28,163	28,167	28,167	28,167	28,167	28,167
Intangibles (Water Licences)		23,020	23,020	23,020	23,020	23,020	23,020
Property, Plant and Equipment		2,134,380	2,184,295	2,262,919	2,322,076	2,348,764	2,361,706
Other		5,731	18,105	16,337	14,570	12,802	11,034
Total Non Current Assets		3,110,139	3,212,771	3,321,329	3,397,299	3,439,799	3,483,987
Total Assets		3,243,315	3,316,580	3,426,908	3,504,363	3,547,796	3,594,123
Current Liabilities							
Accounts Payable		41,665	43,487	46,836	45,503	43,750	42,523
Dividends Payable		23,808	20,668	13,969	14,327	17,649	20,443
Tax Payable		18,148	11,776	6,861	5,057	10,656	14,592
Borrowings	a	81,501	22,664	312,173	18,237	235,176	8,435
Provisions		29,725	29,725	29,725	29,725	29,725	29,725
Other		8,411	5,444	5,444	5,444	5,444	5,444
Total Current Liabilities		203,258	133,763	415,007	118,293	342,399	121,161
Non Current Liabilities							
Borrowings	a	1,409,719	1,553,903	1,375,828	1,747,126	1,563,950	1,829,651
Deferred Tax Liability		388,912	385,776	383,044	380,237	377,287	374,151
Provisions		16,150	16,150	16,150	16,150	16,150	16,150
Total Non Current Liabilities		1,814,781	1,955,829	1,775,022	2,143,513	1,957,386	2,219,952
Total Liabilities		2,018,039	2,089,592	2,190,029	2,261,805	2,299,785	2,341,113
Net Assets		1,225,276	1,226,988	1,236,878	1,242,557	1,248,011	1,253,011
Equity							
Capital		758,871	758,871	758,871	758,871	758,871	758,871
Retained Profits		66,215	67,927	77,817	83,496	88,950	93,950
Reserves		400,190	400,190	400,190	400,190	400,190	400,190
Net Equity		1,225,276	1,226,988	1,236,878	1,242,557	1,248,011	1,253,011

Notes:

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

Icon Water Limited Cashflow Year Ended 30 June	Notes	2014-15 Actual \$000	2015-16 Forecast \$000	2016-17 Budget \$000	2017-18 Estimate \$000	2018-19 Estimate \$000	2019-20 Estimate \$000
Cash Flow from Operations							
Receipts from Customers		306,650	331,435	332,470	344,044	366,816	377,664
Insurance Recovery		2,400	0	0	0	0	0
Payments to Suppliers and Employees		(166,166)	(187,735)	(177,854)	(179,868)	(180,741)	(185,007)
Tax Paid		(43,739)	(54,532)	(41,818)	(37,745)	(37,507)	(45,148)
Interest Received		2,041	1,394	1,076	1,069	1,096	1,123
Interest Paid		(70,488)	(77,294)	(83,018)	(89,055)	(81,657)	(84,165)
Net Cash In/(Out) Flow from Operating Activities		30,698	13,268	30,856	38,446	68,008	64,467
Cash Flow from Investing Activities							
JV Distribution Received		56,500	58,000	43,000	56,000	55,500	57,000
Payments for Property, Plant and Equipment		(49,498)	(78,174)	(108,396)	(100,507)	(72,921)	(60,417)
Proceeds from Disposal of PP&E		3,549	0	0	0	0	0
Payments for Intangibles		0	0	0	0	0	0
Proceeds from Sale of Intangibles		11,927	0	0	0	0	0
Net cash In/(Out) Flow from Investing Activities		22,478	(20,174)	(65,396)	(44,507)	(17,421)	(3,417)
Cash Flow from Financing Activities							
Repayment of Borrowings		(16,224)	(74,656)	(13,566)	(315,638)	(18,237)	(236,041)
New Borrowing		60,341	160,000	125,000	393,000	52,000	275,000
Finance Lease Payments		(63)	0	0	0	0	0
Dividends Paid		(88,178)	(106,482)	(76,543)	(71,276)	(84,922)	(99,420)
Net cash In/(Out) Flow from Financing Activities		(44,124)	(21,138)	34,891	6,086	(51,159)	(60,460)
Net Cash Movement		9,052	(28,044)	351	25	(572)	590
Opening Cash Balance		52,545	68,558	41,514	40,865	40,890	40,318
Cash Reclassified to Held to Maturity Investments		(10,039)	(17,000)	0	0	0	0
Closing Cash Balance		51,558	40,514	40,865	40,890	40,318	40,908

Icon Water Limited Financial Ratios Year Ended 30 June	Notes	2014-15 Actual \$000	2015-16 Forecast \$000	2016-17 Budget \$000	2017-18 Estimate \$000	2018-19 Estimate \$000	2019-20 Estimate \$000
Profitability							
Return on Total Assets	a	6.0%	6.2%	5.2%	5.3%	5.8%	6.3%
Return on Equity	b	7.7%	8.4%	5.6%	5.8%	7.1%	8.2%
Profit Margin	c	47.4%	48.4%	44.0%	44.2%	46.2%	48.2%
Liquidity							
Current Ratio	d	65.5%	77.6%	25.4%	90.5%	31.5%	90.9%
Cash Position	e	2.1%	1.2%	1.2%	1.2%	1.1%	1.1%
Receivables Turnover	f	11.3	11.9	11.6	11.7	12.1	12.1
Financial Stability							
Debt Ratio	g	62.2%	63.0%	63.9%	64.5%	64.8%	65.1%
Gearing Ratio	h	54.9%	56.2%	57.7%	58.7%	59.0%	59.5%
Capital Ratio	i	121.7%	128.5%	136.5%	142.1%	144.2%	146.7%
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	$\frac{\text{Cash} + \text{Investments}}{\text{Total assets}}$					
Receivable 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	$\frac{\text{Total long term debt}}{\text{Long term debt} + \text{equity}}$					
Capital Ratio	i	$\frac{\text{Total long term debt}}{\text{Equity}}$					
Debt							
Interest Cover Ratio	j	$\frac{\text{EBIT (before gross interest expense \& excl abn items)}}{\text{Annual interest payments}}$					



ACT
Government

Chief Minister, Treasury and
Economic Development

SENSITIVE: CABINET

To: Chief Minister
Deputy Chief Minister

Subject: Icon Water Limited 2016-17 Statement of Corporate Intent (SCI)

Critical date and reason

1. **5 April 2016.** Voting Shareholder response due to Icon Water by 16 April 2016.

Recommendation

2. That, in your capacity as Voting Shareholders, you both sign the letter at Attachment B addressed to the Managing Director of Icon Water Limited, Mr John Knox.

SIGNED/NOT SIGNED/PLEASE DISCUSS

Andrew Barr MLA... [redacted] .../ 4 /2016

SIGNED/NOT SIGNED /PLEASE DISCUSS

Simon Corbell MLA [redacted] /2016

SENSITIVE: CABINET

Supporting Reasoning

3. In accordance with the *Territory-owned Corporations Act 1990* (TOC Act), Icon Water has submitted a draft 2016-17 Statement of Corporate Intent (SCI) for your consideration (see Attachment A).
 - a. Icon Water must consider any comments that you provide by 16 April 2016 before submitting the final SCI on 16 May 2016. If Icon Water does not agree with any comments they must consult with you to try and reach agreement.
 - b. The Treasurer is required to present the final SCI to the Legislative Assembly within 15 sitting days from when it is received by the Voting Shareholders.

Assessment of initial draft SCI

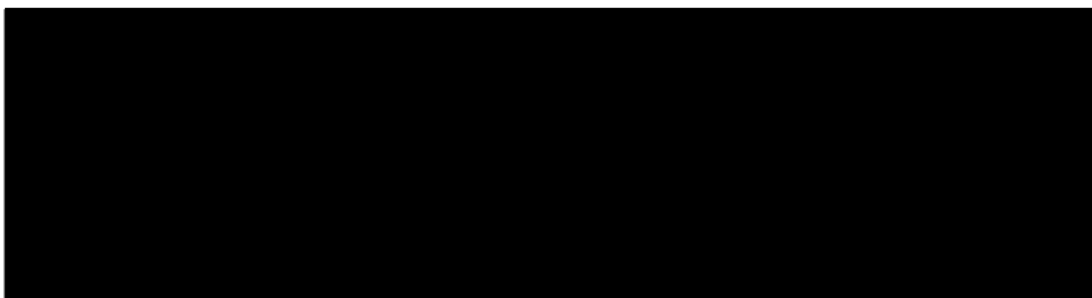
4. The SCI is intended to establish an annual operating framework by providing an overview of the broad strategic directions to be undertaken by a TOC.
5. The draft SCI provides the Voting Shareholders with the opportunity to influence Icon Water's strategic direction.
6. The forecast financial statements and key financial performance ratios are shown on pages 19 to 22 with increased estimated net profits and dividends (ranging from \$79 million to \$94 million for the period 2016-17 to 2018-19) compared to the forecasts contained in the previous 2015-19 SCI of \$74 million to \$79 million.
 - a. You should be aware the preliminary estimates in the draft SCI will be revised as part of the Budget process before the SCI is finalised.
7. A major imperative of the Board is to ensure responsible financial management of the company particularly as the directors may be held personally liable if the company was to trade while insolvent. However, Treasury considers some of the commentary contained in the financial strategy could be misconstrued in terms of Icon's current financial standing. Some comments also pre-empt future government policy considerations.
8. Therefore, in responding to the draft SCI, it is proposed that you raise the following matters for the Board to address:
 - a. Page 12 first paragraph on Financial Strategy states:

The financial strategy aims to generate sustainable financial returns and reduce gearing, thereby improving the financial health of Icon Water. Key elements include transitioning to a sustainable dividend policy with increased ability to service existing debt, reviewing the arrangements on funding infrastructure to support regional growth and introducing a debt program for ActewAGL Distribution to fund their growth capital expenditure.

SENSITIVE: CABINET

Suggested comments:

Although gearing levels have reduced from the forecasts in the current SCI, the gearing levels shown in the Financial Ratios table on page 22 appear to increase over time. Therefore, it is considered appropriate to replace the wording "reduce gearing" with "prudently manage gearing levels". This is consistent with the wording used in the current SCI. Similar changes should be made to the Strategic Objectives diagram on page 9 and a rewording of the overview part of the Strategic key risks on page 14.



Consultation:

9. Some suggested minor edits have been provided to Icon at officer level.

Financial

10. Nil

Management of Other Risks

11. Nil.

Under Treasurer Clearance:

Executive Clearance: Neil Bulless, Executive Director, Expenditure Review Division
Stuart Friend, Director, Expenditure Review Division

24 March 2016

Action Officer: Tony Hays

Phone: 75062



COPY

ANDREW BARR MLA
CHIEF MINISTER

Treasurer
Minister for Economic Development
Minister for Urban Renewal
Minister for Tourism and Events

Member for Molonglo

Mr John Knox
Managing Director
Icon Water Limited
GPO Box 366
CANBERRA ACT 2601

Dear Mr ~~Knox~~ ^{John}

We write in response to your letter dated 16 March 2016, which included Icon Water's draft 2016-20 Statement of Corporate Intent (SCI) for our consideration.

In reviewing the draft SCI we are satisfied it has been prepared in accordance with the guidelines provided by the Treasurer in his letter dated 9 February 2016 and support the general strategic direction that has been adopted by the Board.

We also acknowledge that the financial forecasts in the draft SCI may vary as Icon Water finalises its budget with Treasury, which we expect will ultimately match those that the Board accepts will be included in the budget papers.

The following specific comments are provided for your consideration:

- a) Page 12 Financial Strategy: whilst it is noted that gearing levels have reduced from the forecasts in the current SCI, the gearing levels shown in the Financial Ratios table on page 22 show an increase in gearing levels over time. We therefore suggest replacing the first sentence with words to the effect of "The financial strategy aims to generate financial returns and manage gearing levels prudently." Similar changes should be made to the Strategic Objectives diagram on page 9 and a rewording of the overview part of the Strategic key risks on page 14.
- b) We also suggest the second sentence be replaced with "Key elements include maintaining a dividend payout ratio based on the capital and borrowing requirements of the business as approved by the Voting Shareholders, including a proposed debt program for ActewAGL Distribution to fund their growth capital expenditure."

Y999

The proposed changes will avoid pre-empting the Government's consideration of the proposed ActewAGL debt facility and revision of the current dividend policy, including your request for a one off relief of extraordinary profit earned in 2015-16.

These are matters that will be taken into account as part of the Budget context and we will be writing to you separately to advise of the decisions taken by the Government in the coming weeks.

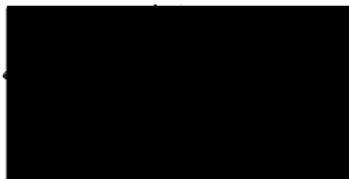
We look forward to receiving the final SCI in due course.

Yours sincerely



Andrew Barr MLA
Chief Minister and Treasurer

- 6 APR 2016



Simon Corbell MLA
Deputy Chief Minister

3.4.16



ACT
Government

Chief Minister, Treasury and
Economic Development

Sensitive: Cabinet

To: Chief Minister
Deputy Chief Minister

Subject: Request from Icon Water for temporary dividend relief in 2015-16

Critical date and reason

1. **5 May 2016.** To propose that in your capacity as Icon Water's Voting Shareholders you agree to a one-off variation in 2015-16 to the prevailing dividend policy of 100 per cent of Net Profit after Tax (NPAT) with the objective of maintaining an appropriate capital structure for Icon Water.

Recommendation

2. That you both sign the letter at Attachment C addressed to Mr John Knox, Managing Director of Icon Water, agreeing to a lower dividend payout in 2015-16.

APPROVED/NOT APPROVED/PLEASE DISCUSS

Andrew Barr MLA 5/5/16

APPROVED/NOT APPROVED/PLEASE DISCUSS

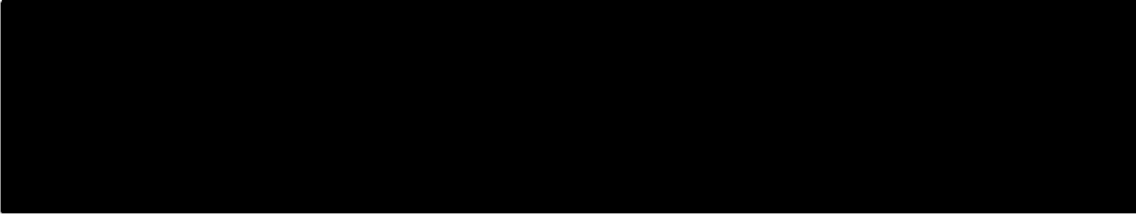
Simon Corbell MLA 5.5.15 / /

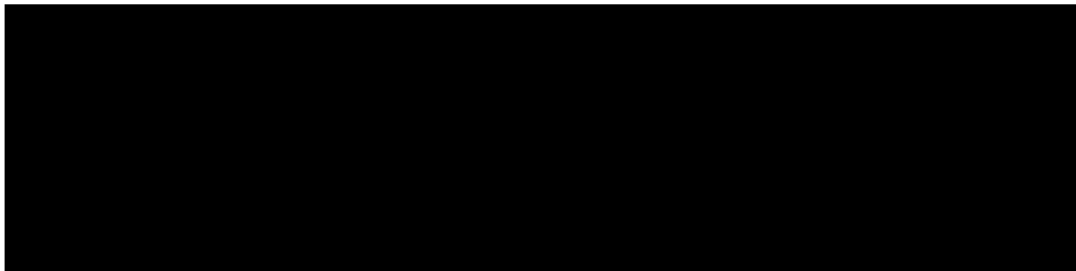
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Sensitive: Cabinet

Sensitive: Cabinet

Supporting Reasoning

3. According to Icon Water's constitution the Directors shall declare such dividend as is agreed between them and the Voting Shareholders or as the Voting Shareholders direct in writing.
4. It is appropriate that the Government as shareholders decide on the applicable dividend policy, as these financial distributions can be made available for the benefit of the broader community.
5. 
6. Icon Water's current dividend policy is to pay a cash dividend of 100 per cent of Net Profit after Tax (NPAT) with 80 per cent to be paid in the current financial year and 20 per cent in the subsequent financial year (Attachment A refers).
 - a. The current dividend policy requires Icon to borrow funds to meet a portion of the dividend as the total annual net profit after tax is not entirely comprised of cash earnings mainly due to:
 - i. Gifted assets contributed by property developers are non-cash revenue items.
 - ii. Each year ActewAGL retains a level of cash from reported profits for capital expenditure in the following year.
7. In the past Icon Water has had a relatively low level of borrowings and the dividend payout ratio was intentionally set at the highest level to reflect the Government's preference for a high and relatively stable annual dividend stream subject to Icon Water's gearing ratio remaining within a reasonable commercial range.
8. Icon considers it should no longer be required to borrow to pay a portion of the dividend now that the gearing level is approaching the standard benchmark for utilities.



- c. It is usual practice for government businesses in other states to only pay dividends from cash profits and to explicitly exclude non-cash accounting transactions.

Sensitive: Cabinet

Sensitive: Cabinet

- d. Between 60 per cent and 70 per cent is generally considered an acceptable gearing level for infrastructure companies.
 - e. Icon Water's current gearing ratio is around 55 per cent.
 - i. Under the current dividend policy Icon Water's gearing ratio steadily increased from 37 per cent in 2008 to almost 60 per cent in 2015.
 - ii. However, a revaluation of Icon Water's investment in ActewAGL in 2014-15 reduced the gearing ratio to 54.9 per cent.
9. The Managing Director of Icon Water, Mr John Knox, has in a letter to Voting Shareholders dated 26 February 2016, requested a one-off variation to the current dividend policy in the 2015-16 financial year (see Attachment B).
- a. Note that the numbers discussed below are an update of the numbers provided in Mr Knox's letter at Attachment B.
 - b. Icon Water is now anticipating a potential full year improved 2015-16 net profit result in the order of \$49 million higher compared to budget.
 - c. Icon Water is seeking your approval to exclude some of this additional profit from the 2015-16 dividend payment to assist in preserving Icon Water's existing gearing ratio by reducing the amount Icon would otherwise have to borrow.
10. In recent discussions with Treasury, Icon Water has proposed that it retain \$42 million of the additional net profit of \$49 million.
- a. This will enable Icon Water to reduce its new borrowing requirement from \$89 million to approximately \$49 million.
 - b. The approximate balance of \$7 million would be returned to the Budget in addition to the original budget dividend forecast of \$69.2 million.
 - c. In addition, Icon Water would still be required pay additional income tax of \$21 million resulting from the improved profit result. The Territory's share of the total upside for 2015-16 is in the order of \$28 million.
11. It is recommended that you write, as the Voting Shareholders, to the Managing Director of Icon Water, Mr John Knox, formally agreeing to exclude forecast additional net profits relating to gifted assets, ActewAGL distributions and operational savings, noting that this is a temporary one-off relief.

Consultation and Communication

12. Icon Water.


Sensitive: Cabinet

Financial

13. There would be additional dividends from profits generated by the water and sewerage business with expected additional associated Tax receipts (including from ActewAGL's additional profits and the Gifted Assets) from Icon Water in 2015-16 as a result.

Management of Other Risks

14. Information contained in this brief is Cabinet sensitive.

Under Treasurer Clearance:  4/5

Executive Clearance: Neil Bulless, Executive Director, Expenditure Review Division

Stuart Friend, Director, Expenditure Review Division

Date: 3 May 2016

Action Officer: Tony Hays

Phone: 75062

Sensitive: Cabinet



Katy Gallagher MLA

CHIEF MINISTER

TREASURER

MINISTER FOR HEALTH

MINISTER FOR INDUSTRIAL RELATIONS

MEMBER FOR MOLONGLO

Mr Mark Sullivan
Managing Director
ACTEW Corporation Ltd
GPO Box 366
CANBERRA ACT 2601

Dear Mr Sullivan *Mark*

We are writing in our capacity as Voting Shareholders in response to your letter of 6 May 2011 concerning ACTEW's draft 2011-12 Statement of Corporate Intent (SCI).

Firstly, we would like to confirm that we have decided to retain the current dividend policy of 100 per cent net profit after tax, with 80 per cent paid in the current year and 20 per cent to be paid in the subsequent year.

We recognise the impact of the major capital expenditure program that is being debt funded will result in ACTEW's level of gearing approaching the standard benchmark for infrastructure utilities.

We also appreciate that under the current arrangements ACTEW is required to borrow monies to pay part of the dividend. This approach is not uncommon for infrastructure companies, which reflects a preference for the shareholders to receive cash dividends instead of capital gains.

Although it is our clear preference to maintain a reasonably strong dividend stream, we are prepared to consider an adjustment to the current dividend policy should any adverse circumstances arise that would present a significant commercial risk.

In regard to the draft SCI, we support the commercial objectives, and business and corporate strategies outlined in the document. In doing so, we note your advice that economic conditions or circumstances may change prior to the Treasurer tabling the final SCI in the Legislative Assembly.

Yours sincerely

Katy Gallagher MLA
Chief Minister

Andrew Barr MLA
Deputy Chief Minister

23 JUN 2011

ACT LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601 GPO Box 1020, Canberra ACT 2601
Phone (02) 6205 0840 Fax (02) 6205 3030 Email: gallagher@act.gov.au



26 February 2016

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

Mr Simon Corbell MLA
 Deputy Chief Minister
 ACT Legislative Assembly
 London Circuit
 CANBERRA ACT 2600

Dear Chief Minister

Dear Deputy Chief Minister

Dividend for financial year 2015–16

Background

Icon Water and ACT Government's Treasury formed a joint working group in 2015 to review Icon Water's financial health. There is recognition that, without changes to the current 100% dividend policy, Icon Water's gearing will reach unsustainable levels at some point in the future. It is my understanding that Cabinet is due to consider the dividend policy in March 2016. Pending the transition to a sustainable dividend policy, there is an opportunity to provide temporary dividend relief given the extraordinary profit upside expected this financial year and preserve Icon Water's 2014–15 gearing ratio through reducing the amount that Icon Water would otherwise borrow. Providing temporary dividend relief aligns with the existing dividend policy framework whereby the shareholders ultimately sets the dividend to be paid by Icon Water from year to year.

Significant 2015-16 net profit after tax upside

This financial year we anticipate significantly higher than budgeted results for net profit after tax (NPAT).

NPAT for the first half year exceeded budget by \$33m. The 2015–16 full year NPAT is anticipated to be around \$50m higher than the \$69.2m budget. This will be validated further upon completing the detailed full year forecast in March 2016.

The NPAT is subject to weather-driven energy and water revenue and development activity driving gifted asset revenue. The current upside is specifically attributable to the following factors:

- Icon Water's budget when submitted to ACT Treasury in April 2015 was based on ActewAGL's draft budget. ActewAGL's final budget set in June 2015 was updated to reflect the AER's final 2014-19 electricity networks distribution determination for the period 1 July 2016 to 30 June

2019 and various initiatives identified by ActewAGL to respond accordingly. These updates significantly improved their final budget.

- ActewAGL's profit for the first half year is performing favourably to their budget by \$21.9m due to effective management of the AER's electricity pricing decision and stronger results from ActewAGL Retail.
- Icon Water's budget submission, consistent with prior years, did not budget for gifted assets revenue. Gifted assets revenue is \$11.4m favourable to budget.
- Water and sewage revenue exceeding budget by around \$6.2m mainly due to favourable weather conditions driving additional water sales. It should be noted that January and February weather conditions and associated water sales has been closer to budget.
- Icon Water is working hard to reduce its operating expenditure. For the half year operating expenditure is \$4.7m below budget, although this favourable variance will reduce by year end.
- Interest expense is \$4.3m favourable to budget as a portion of Icon Water's debt is linked to the Consumer Price Index (CPI), with the current CPI lower than budget.
- As a result of the profit upside outlined above, income tax expense is higher than budgeted, by \$15.7m.

Dividend Relief

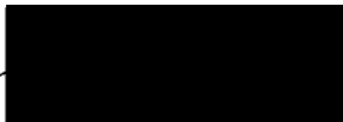
An opportunity exists to provide Icon Water temporary dividend relief by excluding the extraordinary NPAT upside from the existing 100% dividend policy. This could be achieved by setting the dividend payment based on the 2015-16 budgeted profit of \$69.2m with 80% being payable on 30 June 2016 and the remaining being paid on 31 October 2016. This temporary dividend relief will enable Icon Water to temporarily stabilise its gearing ratio for 2015-16 (circa 55%) and reduce the amount that Icon Water would otherwise borrow this financial year.

ACT Government Implications

ACT Treasury has confirmed that the profit upside for Icon Water in 2015-16 has not been reflected in the ACT Government's 2015-16 Budget Review. In the event that temporary dividend relief is provided, the ACT Government will still receive additional income tax revenue of around \$21m given the additional Icon Water profit, positively contributing to the ACT Government 2015-16 Net Operating Balance.

Your consideration on providing Icon Water temporary dividend relief for 2015-16 is appreciated.

Yours sincerely



John Knox
Managing Director
Icon Water

TO	
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*noted
Treasury 9/13
will
re-act.*



ANDREW BARR MLA
CHIEF MINISTER

COPY

Treasurer
Minister for Economic Development
Minister for Urban Renewal
Minister for Tourism and Events

Member for Molonglo

Mr John Knox
Managing Director
Icon Water Limited
GPO Box 366
CANBERRA ACT 2601

Dear Mr Knox

Icon Water Limited Dividend Policy for 2015-16


We are writing in our capacity as Voting Shareholders in response to your letter dated 26 February 2016 seeking a one-off variation in 2015-16 to the existing dividend policy.

In light of your recent discussions with Treasury we have decided to vary the prevailing 100 per cent net profit after tax dividend policy in 2015 -16 by allowing Icon Water to retain \$42 million in profit as a form of debt relief. This is predicated on Icon Water achieving an anticipated additional net profit result of approximately \$49 million compared to the original budget estimate in 2015-16 of \$69.2 million.

Based on Icon Water's most recent estimates we understand applying this revised dividend payout ratio in 2015-16 is expected to realise a modest increase to the original dividend payment identified in the budget with the benefit of limiting Icon Water's total new borrowing requirement in 2015-16 to about \$49 million.

We appreciate at this point it is difficult to predict with absolute certainty the actual profit results. Therefore we would appreciate being kept informed of any substantive variation in the expected profit results and the total new borrowing requirements.

Yours sincerely


Andrew Barr MLA
Chief Minister/Treasurer

- 5 MAY 2016


Simon Corbell MLA
Deputy Chief Minister

5-5-16

ACT LEGISLATIVE ASSEMBLY

Phone (02) 6205 0011 Email barr@act.gov.au



39



11 May 2016

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

Mr Simon Corbell MLA
 Deputy Chief Minister
 ACT Legislative Assembly
 London Circuit
 CANBERRA ACT 2600

Andrew
 Dear Chief Minister

Simon
 Dear Deputy Chief Minister

I am pleased to provide Icon Water Limited's (Icon Water) third quarter 2015–16 report recently approved by the Icon Water Board out of session on 6 May 2016.

The attached report provides a summary for the quarter 1 January to 31 March 2016 against the 2015–16 activities outlined in the Icon Water 2015-16 to 2018-19 Statement of Corporate Intent.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
 Managing Director



**Statement of Corporate Intent
Third Quarter Report to Shareholders
1 January 2016 to 31 March 2016**

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1 Overview

The 2015–16 to 2018–19 Statement of Corporate Intent (2015–16 SCI) details the four strategies Icon Water Limited (Icon Water) will pursue to achieve its objectives under the *Territory-owned Corporations Act 1990* (TOC Act) and its four strategic objectives.

Under the TOC Act, Icon Water has four main objectives:

- **Efficiency:** operate at least as efficiently as any comparable business.
- **Sustainable return:** maximise the sustainable return to our shareholders on the investment in ACTEW (now named Icon Water Limited).
- **Social responsibility:** 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.
- **Ecologically sustainable development:** effective integration of environmental and economic considerations in decision-making processes.

The 2015–16 SCI outlines the four strategic objectives over the period 2015–16 to 2018–19 as:

- **People** – a culture that protects, engages and develops our people.
- **Asset Management** – excellence in asset management.
- **Brand** – a trusted brand.
- **Financial** – sustainable financial returns and reduced gearing.

The 2015–16 SCI outlines the four strategies relating to the above strategic objectives as well as performance measures and targets to enable monitoring and reporting against achievement of these objectives.

Outlined in the following pages are the outcomes for the third quarter, 1 January 2016 to 31 March 2016 against key activities for 2015–16 contained in the 2015–16 SCI.

2 People strategy

2.1 2015–16 key activities

Key activities for 2015–16 include:

- 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, the 'Innovation and Excellence Awards'.
- Implementing employee engagement initiatives at the organisation and branch levels to move the overall engagement level of employees towards utility industry benchmark levels.

2.2 Quarter 3 outcomes

Just Culture framework

The 'Just Culture' initiative will be progressed further after the commencement of the safety engagement program. This program will provide a model that will be used as the basis for the just culture framework. The framework will involve assessment of behaviour against four behavioural types: hazard manager, unaware risk taker, careless risk taker and reckless risk taker.

Safety in design

The safety in design process has been mapped into the design delivery process flow which will provide a systematic approach to the integration of hazard identification and risk assessment methods in the design phase of our capital expenditure projects. This is now being integrated into project delivery methodology.

Work health and safety strategy

The annual review of the work health and safety strategy (WHSS) has been undertaken. The major amendments include resetting the timeframe to the forward three years (2016–17 to 2018–19) and amendment of the approach to achieving the WHSS objective to four focus areas:

- improved safety engagement
- clear expectations and accountability
- support fitness for work
- simple effective systems.

Of immediate focus is progressing the mental health initiative and the implementation of a safety engagement program commencing in July 2016.

People strategy revised

Following the implementation of revised service delivery arrangements and broader organisational re-structures, a review of the *People Strategy 2015–2018* has been completed. The new *People Strategy 2016–17* was approved by the Executive Committee in February 2016. The Strategy incorporates the initiatives identified in the SCI grouped into four focus areas: diversity and inclusion, highly capable leadership, planning and analysing talent and driving performance and development.

3 Asset management strategy

3.1 2015–16 key activities

- 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 Integrated Management System (IMS) – being the Safety Management System, Quality Management System and Environmental Management System.

3.2 Quarter 3 outcomes

Asset management processes

The work to develop asset management objectives for tiers three to five continues to progress, with a focus on water treatment assets. These objectives establish a clear link between stakeholder and business needs and asset planning, operation and related activities. The pilot maintenance requirements study for the Uriarra Sewage Treatment plant was completed in March 2016. The output of this study enables optimisation of operations and maintenance programs to meet the performance and risk objectives. Project planning for the Maintenance Operations and Optimisation Project has commenced with a target to have defined maintenance plans for 40% of the asset base by June 2016. Completion of the project plan will confirm the ability to meet the target date.

The first Strategic Asset Management Plan (SAMP) for Icon Water was endorsed by the Executive in January 2016. The SAMP is a major element of an ISO 55001 aligned asset management system in that it describes at a high level the processes and procedures that are used to ensure prudent and efficient asset decision making based on stakeholder's need. The plan for updating the linked Asset Management Plans to the SAMP framework has been developed and these will be updated during 2016-17.

The Asset Management Group is implementing the target state business activity map that aligns the Asset Management Group's future activities to the strategic objective of 'excellence in asset management'. The Asset Management Group has implemented a revised structure to support the target state and recruitment against this structure is 99% complete. The plan to update all of Asset Management Group's procedures and work instructions to align to the target state has been endorsed and work is progressing on this activity.

Asset management and maintenance system

The Asset Management and Maintenance System (AMMS) project has developed business requirements and scenarios depicting the required outcomes. Supporting tender documentation has been completed for release to market early next quarter. In addition, the following significant projects have been initiated to provide key foundations to achieve AMMS outcomes:

- Geographical Information System (GIS) upgrade to ensure that network assets are geospatially located and logically connected within the systems to allow modelling of flows.
- Network monitoring upgrade to ensure that a common framework of asset performance monitoring is in place to drive data-driven decision making.
- Works management augmentation to ensure that the legacy system is stable and supported until it can be replaced and decommissioned.

4 Brand strategy

4.1 2015–16 key activities

- Completing all activities associated with the brand launch.
- Continuing to embed our brand and behaviours internally through 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.

4.2 Quarter 3 outcomes

External education

Our external education program continued to reinforce our brand through participation in community events such as the Canberra Show, the Cancer Convoy, the Gungahlin Community Festival and the Canberra Multicultural Festival. Our on-site and in-school educational program continues to be well received and prominent on the school curriculum, higher education and professional organisation agendas.

The external education strategy for 2016-17 has been finalised. To complement our existing education program we will develop new programs to create a community that values Icon Water services and understands the impacts (financial, environmental, safety) of their behaviours on these services.

Aligning the brand

A program of identifying and updating Icon Water brand references on third party websites and brochures continues. In conjunction with this, information sessions and brand presentations were held with a number of key government agencies and industry peers.

Stakeholder engagement

Results of the market research and 'willingness to pay' survey undertaken during quarters 2 and 3 are currently being analysed. The next phase of our engagement program will be the formation of a community consultative forum in May 2016.

5 Financial strategy

5.1 2015–16 key activities

- 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.

5.2 Quarter 3 outcomes

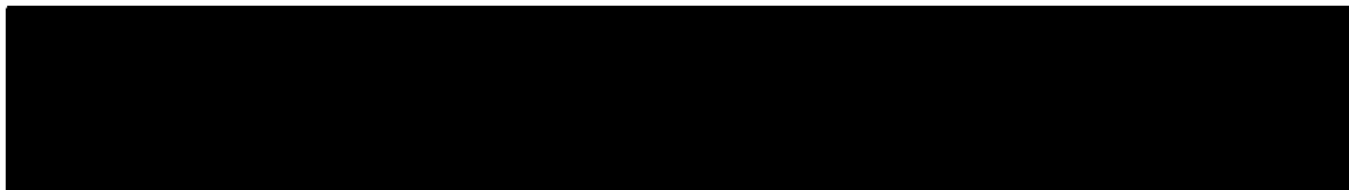
Long term operational efficiency

Icon Water investigated various opportunities identified from the Water Services Association of Australia (WSAA) efficiency benchmarking exercise. These learnings form part of Icon Water's continued efforts to optimise its operating expenditure levels.

Procurement improvement initiative

Icon Water has continued to improve the maturity of its procurement processes and systems by implementing a number of training activities to increase the understanding of general procurement principles, including probity awareness and obligations.

Energy investment



6 Key service delivery targets

Table 1 (over page) details performance against key service delivery targets. For the third quarter, Icon Water met or is on track to meet 16 out of the 17 targets (noting that some of the targets are annual and we only have the third quarter results).

Table 1. Key service delivery targets – 2015-16 Results

Service Standard	Icon Water Target 2015-16	1st Quarter Results	2nd Quarter Results	3rd Quarter Results	YTD Results
Water					
Water main breaks (per 100km of water main)	20 – 25	3.34	2.40	2.00	7.75
Average duration of an unplanned interruption - water (minutes)	111 - 119	130.23	131.60	133.01	131.56 ¹
Frequency of an unplanned interruption - water (per 1000 properties)	63 - 127	18.35	15.74	16.45	50.53
Number of zones where drinking water microbiological compliance was achieved (%)	100	100	100	100	100
Real losses (L/service connection/d)	59 – 73	41	61	57	53
Sewerage					
Sewerage mains breaks and chokes (per 100km sewer mains)	42 – 92	16.81	11.40	10.91	39.12
Property connection sewer breaks and chokes (per 1000 properties)	8 – 15	3.26	2.00	2.95	8.22
Average sewerage interruption (minutes)	37 – 44	34.04	34.35	35.68	34.59
Customer Satisfaction					
Water quality complaints (per 1000 properties)	0.9 - 2.8	0.29	0.27	0.31	0.87
Water service complaints (per 1000 properties)	1.5 - 2.0	0.38	0.42	0.46	1.25
Sewerage service complaints (per 1000 properties)	1.0 - 2.0	0.33	0.19	0.33	0.85
Billing and account complaints (per 1000 properties)	0.2 - 2.6	0.16	0.14	0.13	0.43
Total water and sewerage complaints (per 1000 properties)	4.5 - 6.0	1.15	1.02	1.23	3.40
Environmental					
Percentage of sewage volume treated to a compliant standard (%)	99	100	100	99.97	99.99
Percentage of biosolids reused (%)	100	100	100	100	100
Sewer overflows reportable to the environmental regulator (number per 100km of sewer main)	1.9 - 5.6	0.58	0.22	0.25	1.04
Recycled water (percent of effluent recycled)	11 – 13	13.13	13.70	14.33	13.72

Key Service Delivery Targets were set by Icon Water against industry standards set by comparable utilities. The targets were selected from a range of measures included in the National Performance Report to the Bureau of Meteorology.

¹ The methodology for calculation of the results against this service standard has changed due to a recommendation from an audit. The service standard target will be revised in the 2016–17 Statement of Corporate Intent.



12 May 2016

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

Mr Simon Corbell MLA
 Deputy Chief Minister
 ACT Legislative Assembly
 London Circuit
 CANBERRA ACT 2600

Andrew
 Dear Chief Minister

Simon
 Dear Deputy Chief Minister

I am pleased to provide the agenda and approved meeting minutes from the Icon Water Limited's Board meeting no.236 held on 21 April 2016.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
 Managing Director

Board Meeting No. 236

Time/Date: 12.00pm Thursday 21 April 2016
Venue: Icon Water Board room, level 5
Address: ActewAGL House, 40 Bunda Street, Canberra ACT 2601



Agenda item	Purpose	Participant/s
Board administration		
Board meeting planner and calendar	<i>information</i>	<i>Breaden</i>
1 Apologies	<i>noting</i>	<i>All</i>
2 Directors disclosure	<i>noting</i>	<i>All</i>
3 Previous minutes	<i>noting</i>	<i>All</i>
4 Matters arising from previous minutes	<i>noting</i>	<i>All</i>
5 Out of session papers	<i>noting</i>	<i>All</i>
6 Shareholders correspondence	<i>noting</i>	<i>Knox</i>
Corporate governance		
7 Managing Director's report	<i>noting</i>	<i>Knox</i>
8 Risk and Assurance Committee update	<i>noting</i>	<i>All</i>
9 Distribution of out of session papers	<i>noting</i>	<i>All</i>
Strategy		
10 Statement of Corporate Intent	<i>noting</i>	<i>All</i>
11 Debt management strategy	<i>noting</i>	<i>Sachse</i> [REDACTED]
12 Financial strategy	<i>decision</i>	<i>Sachse</i> [REDACTED]
13 Strategy progress report – economic regulation	<i>noting</i>	<i>Sachse</i>
14 Strategy progress report – customer	<i>noting</i>	<i>Breaden</i> [REDACTED]
15 Industry update	<i>noting</i>	<i>Breaden</i> [REDACTED]
16 Water Sensitive Urban Design asset management and maintenance options	<i>noting</i>	<i>Breaden</i> [REDACTED]
17 Asset Management and Maintenance System project – update	<i>noting</i>	<i>Spurrett/Hezkial</i>
18 [REDACTED]	<i>noting</i>	<i>Knox</i> [REDACTED]/ <i>Hezkial</i>
Operations		
19 Business performance report – People and Performance	<i>noting</i>	[REDACTED]
20 Workforce profile and analysis	<i>noting</i>	[REDACTED]
21 Business performance report – Asset Management	<i>noting</i>	<i>Lewry</i>
22 Business performance report – Project Delivery, Operations and Maintenance	<i>noting</i>	<i>Hezkial</i>
23 Business performance report – Regulatory Affairs and Pricing	<i>noting</i>	<i>Graham</i> [REDACTED]
24 National performance report – urban water utilities	<i>noting</i>	<i>Breaden</i> [REDACTED]
25 Business performance report – Business Services	<i>noting</i>	<i>Breaden</i> [REDACTED]
26 Community support program	<i>noting</i>	<i>Breaden</i> [REDACTED]
27 Community consultative forum	<i>noting</i>	<i>Breaden</i> [REDACTED]
28 Business performance report – Finance	<i>noting</i>	<i>Sachse</i>
29 Consolidated financial performance	<i>noting</i>	<i>Sachse</i> [REDACTED]

- | | | | |
|----|--|---------------|--------------------|
| 30 | Final Statement of Corporate Intent Budget Financial Statements for 2016–17 to 2019–20 | <i>noting</i> | Sachse/ [REDACTED] |
| 31 | Performance against Economic Regulatory Forecasts | <i>noting</i> | Sachse/ [REDACTED] |
| 32 | Corporate Services Agreement review | <i>noting</i> | Sachse/ [REDACTED] |
| 33 | Procurement probity management | <i>noting</i> | Sachse |
| | Energy investment | | |
| 34 | Business performance report – Joint Venture financial performance | <i>noting</i> | Sachse |

Next meeting

Meeting no. 237 at 12.00pm on Wednesday 15 June 2016

Boardroom, Level 5, ActewAGL House, 40 Bunda Street, Canberra

Minutes Board Meeting No. 236

Date: Thursday, 21 April 2016

Page: 1 of 8



Minutes of Meeting No. 236 of the Board of Directors of Icon Water Limited ABN 86 069 381 960, held on 21 April 2016, commencing at 12.10pm and concluding at 4.10pm, in the Icon Water Boardroom Level 5, 40 Bunda St, Canberra, ACT 2600.

Present

Michael Easson	Chairman
Wendy Caird	Deputy Chair
John Knox	Managing Director
Rachel Peck	Director
Jenny Goddard	Director
Allan Hawke	Director
Carol Lilley	Director
Tom Parry	Director

Jane Breaden	Company Secretary and General Manager Business Services
[REDACTED]	Executive Officer to Managing Director
[REDACTED]	Executive Officer to Managing Director

Present part meeting

Sam Sachse	General Manager Finance
[REDACTED]	Manager Finance
[REDACTED]	Manager Advisory
[REDACTED]	Manager Customer and Community Affairs
[REDACTED]	Manager Environment and Sustainability
Richard Spurrett	General Manager Strategic Projects
Ray Hezkial	General Manager Project Delivery, Operations and Maintenance
[REDACTED]	Director People and Performance, ActewAGL
[REDACTED]	Workforce Planning Analyst, ActewAGL
[REDACTED]	Team Coordinator Workforce Remuneration & Applications, ActewAGL
Amanda Lewry	General Manager Asset Management
[REDACTED]	Director Regulatory Affairs and Pricing, ActewAGL
[REDACTED]	Principle Economist, ActewAGL
[REDACTED]	Governance Regulatory & Performance Reporting Coordinator

4461. Board meeting planner and calendar

The Board noted the Water and Sewerage strategy session on 15 November 2016, and the Energy Business strategy session on 6 September 2016.

4462. Apologies 1

No apologies were noted.

4463. Director's disclosures 2

The ACT Auditor General has appointed PwC as Icon Water's external auditors. Ms Lilley advised the Board that she was previously employed by PwC and [REDACTED]

Ms Peck advised that she is the Chair of the Planning and Infrastructure Taskforce for the Canberra Business Chamber.

Minutes Board Meeting No. 236

Date: Thursday, 21 April 2016

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Resolution

The Board **noted** the disclosures.

4464. Previous minutes 3

Resolution

The Board **approved** the minutes of Meeting No. 235 of 10 February 2016.

4465. Matters arising from previous meetings 4

Resolution

The Board **noted** the matters arising.

4466. Out of session papers 5

Resolution

The Board **noted** the out of session papers.

4467. Other Business

Dr Parry left the meeting.

The Chair advised that when his term on the ActewAGL Board concludes¹, this will leave a vacant position and opportunity to nominate another Icon Water representative to the ActewAGL Board. The Chair nominated Dr Parry to fill the vacant position, for the Board's consideration.

The meeting discussed the nomination and the matter of Board succession planning.

Action

Management undertook to table a paper on Board succession planning at Board meeting no. 237 on 15 June 2016.

Resolution

The Board **resolved** to nominate Dr Tom Parry to the ActewAGL Board, to fill the position to be vacated by the Chair when his term concludes.

Dr Parry returned to the meeting.

4468. Shareholders correspondence 6

Resolution

The Board **noted** the paper.

4469. Managing Director's report 7

The Board discussed in further detail matters relating to the ACT Government's Public Accounts Committee hearing on the Bulk Water Alliance held 31 March 2016, [REDACTED]

Following on from discussion regarding the Joint Venture, the Dr Hawke queried whether Icon Water had received information regarding the ACT Government's interest in the provision of a wifi network solution.

¹ Subsequent to the meeting, management confirmed that the Chair's term on the ActewAGL Board concludes on 2 October 2016. The Chair's term on the Icon Water Limited board concludes on 17 March 2017.

Minutes Board Meeting No. 236

Date: Thursday, 21 April 2016

Page: 3 of 8



Action

Management undertook to further investigate ACT Government's interest in the provision of a wifi network solution, and report back to the Board.

Resolution

The Board **noted** the Managing Director's report

4470. Risk and Assurance Committee update 8

Ms Lilley gave an overview of meeting no.3 of the Risk and Assurance Committee (RAC) held prior to the Board meeting, highlighting the following:

- The RAC will further explore opportunities to streamline the administration of future RAC meetings.
- Two internal audits have been completed – a review of trade waste management and management of capital expenditure projects.
- [REDACTED] attended the meeting to speak to the Committee in response to the internal audit report into [REDACTED] Remedial work has been undertaken to address audit findings.
- The meeting received an updated Work Health and Safety Strategy following its annual review.
- One lost time injury was reported since February.
- Emergency and continuity management testing continues.
- One report of fraud has been received and is being investigated, however, it appears to be a process related issue.
- The Strategic Risk and Key Risk reports were reviewed.
- An update regarding Business Transformation Projects was received. Resourcing has been problematic however recruitment is underway.
- The RAC welcomed the new external auditors – PwC.
- The RAC has requested a follow up report on asbestos and lessons learnt from the PAH investigations.

Resolution

The Board **noted** the Risk and Assurance Committee update.

4471. Distribution of out of session papers 9

Resolution

The Board **noted** the arrangements in place for distribution of out of session Board papers.

4472. Statement of Corporate Intent 10

The Board received an overview of the paper.

Resolution

Subject to some minor amendments and suggested changes, the Board **approved**:

- amendment of the financial strategic objective to "sustainable financial returns and gearing"
- the final Statement of Corporate Intent 2016–17 to 2019–20 for submission to the shareholders.

Minutes Board Meeting No. 236

Date: Thursday, 21 April 2016

Page: 4 of 8

4473. Debt management strategy 11

The meeting received an overview of the debt management strategy.

Resolution

The Board:

- **noted** the Debt Management Strategy discussion paper
- **approved** Icon Water borrowing up to \$170m (depending on dividend relief and February forecast) of long term borrowings for 2015–16 in line with the debt management strategy
- **delegated** to the Managing Director to effect the 2015–16 borrowings requirements with ACT Treasury and the Treasurer.

4474. Financial strategy 12

Resolution

The Board, subject to some minor changes:

- **noted** Icon Water's Financial Strategy
- **approved** the one-page Debt Strategy paper for submission to the ACT Government and Legislative Assembly.

4475. Economic regulation strategy 13

The Board discussed the economic regulation strategy.

Resolution

The Board **noted** the *Economic Regulation Strategy 2016–17 to 2017–18*.

4476. Strategy progress report – customer 14

The Board received a high level overview of the customer management strategy and were briefed on some of the current focus points.

When queried whether the brand awareness target should be placed higher, management explained it was important to first establish a high level of brand recall and then move upward from there.

Resolution

The Board **noted** the *Customer Management Strategy 2016–17 to 2018–19*.

4477. Industry update 15

An outline of the paper was provided to the meeting and the Board commented on its high level of quality.

Resolution

The Board **noted** the current industry and integrated planning issues relevant to Icon Water.

4478. Water Sensitive Urban Design asset management and maintenance options 16

Resolution

Minutes Board Meeting No. 236

Date: Thursday, 21 April 2016

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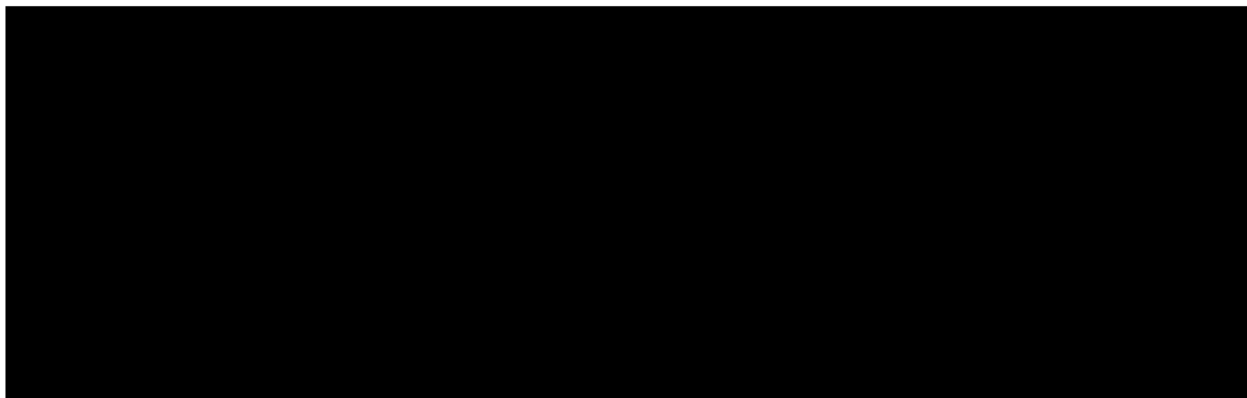


4479. Asset management and maintenance system update 17

The meeting was provided with an update and further information on revised timeframes for the project.

Resolution

The Board **noted** the progress of the Asset Management and Maintenance System project and the shortlisted vendors to enter the procurement process.



4481. Business performance report – People and Performance 19

Resolution

The Board **noted** the summary of key People and Performance matters for the period from 1 February 2016 to 31 March 2016.

4482. Workforce profile and analysis 20

The meeting discussed the paper and requested more regular reporting of the matter.

Action

Management undertook to include a report against the People Strategy at each board meeting as part of the standing People and Performance business performance report.

Resolution

The Board **noted** the current workforce profile, related findings and actions being taken under the People Strategy 2016–17.

4483. Business performance report – Asset Management 21

The Board were provided with an overview of the paper and informed that a review of the Tantangara transfer scheme was currently being undertaken. Once the review is complete an update will be provided to the Board.

Resolution

The Board **noted** the performance outcomes for the Asset Management Group, as listed in this report.

4484. Business performance report – Project Delivery, Operations and Maintenance 22

The Board received an overview of the report with matters regarding improved processes relating to project cost estimation, and contractor safety issues highlighted.

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Resolution

The Board **noted** the performance outcome of the report of the Project Delivery, Operations and Maintenance Group as at 7 April 2016.

4485. Business performance report – Regulatory Affairs and Pricing 23

Resolution

The Board **noted** the developments in economic regulation of water and sewerage services in the ACT.

4486. National performance report – urban water utilities 24

The meeting discussed the report and were advised that work being conducted in the Business Transformation projects would result in Icon Water being able to further analyse and identify areas for improvement.

Resolution

The Board **noted** Icon Water's key performance results reported in the *National Performance Report 2014–15: Urban Water Utilities*.

4487. Business performance report – Business Services Group 25

The meeting discussed the Board Newsletter provided by the Communications team. The Board commented the email content was relevant but would also like to receive information as soon as it was available rather than waiting for the compiled update.

Action

Management undertook to circulate daily *Media Monitors* updates to the Board to provide them with real time information.

Resolution

The Board **noted** current performance of Business Services Group.

4488. Community support program 26

The meeting discussed the community support program and management advised focused effort has been applied to streamlining related processes and a more targeted program that is aligned to stakeholder expectations.

The Board discussed community support categories, criteria and whether issues raised through the Cohen Report were being addressed.

Action

Management undertook to:

- Remove categories from the program and maintain the focus on support program criteria.
- Circulate to the Board, out of session:
 - support program criteria and forms to provide further understanding as to how support is awarded and determined
 - information addressing how Cohen Report issues have been addressed.

Minutes Board Meeting No. 236

Date: Thursday, 21 April 2016

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Resolution

The Board **noted**:

- [REDACTED]
- Management's intention to provide more information regarding Icon Water's community support program categories and guidelines for decision making.

4489. Community consultative forum 27

The meeting discussed the forum and provided some suggestions for Management's consideration.

Resolution

The Board **noted** the proposed Community Consultative Forum, to be established as part of a customer engagement program.

4490. Business performance report – Finance 28

Resolution

The Board **noted** the current performance report of the Finance Group.

4491. Consolidated financial performance 29

Resolution

The Board **noted** the consolidated financial performance report for the period ended 29 February 2016.

4492. Final Statement of Corporate Intent Budget Financial Statements for 2016–17 to 2019–20 30

Resolution

The Board:

- **noted** the budget assumptions incorporated in the Final Budget.
- **noted** the 2016–17 Final Budget with a NPAT of \$81.4m, Capex of \$111.1m and Profits available for Dividends of \$71.5m.
- **noted** that the Final Budget recognises gifted assets revenue for the first time and excludes this revenue from the dividend policy.
- **approved** the submission of the Final Budget and associated commentary to the ACT Government and note the Final Budget will be provided as an attachment to the 2016-17 to 2019-20 SCI.

4493. Performance against Economic Regulatory Forecasts 31

Resolution

The Board **noted** the performance of Icon Water against the Industry Panel's price determination handed down in April 2015 for the period 1 July 2013 to 30 June 2018 and any flow on effects for the next regulatory period.

4494. Corporate Services Agreement review 32

The meeting discussed the review.

Signed _____
Chair

Minutes Board Meeting No. 236

Date: Thursday, 21 April 2016

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Resolution

The Board:

- **noted** the findings of the review of the Corporate Services Agreement, acknowledging management will work toward best case outcomes
- **approved** delegation of authority to the Managing Director to unwind up to \$0.62m of services which will result in unwind fees of up to \$4.28m in 2015–16 (any further unwind of services, if required, will be subject to further board consultation).

4495. Procurement probity management 33

Resolution

The Board **noted** the current procurement processes and procedures that assist staff members to identify and address probity issues when undertaking their procurement activities.

4496. Business performance report – Joint Venture financial performance 34

Resolution

The Board **noted** the current performance of the ActewAGL Group for the period ended 29 February 2016, including the FYF forecast and key matters facing ActewAGL.

Meeting closed

Meeting closed at 4.10pm.

NEXT MEETING: Meeting no. 237 at 12.00 pm on Wednesday 15 June 2016 at ActewAGL House, 40 Bunda St Canberra ACT.

Signed _____
Chair



16 May 2016

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

Mr Simon Corbell MLA
 Deputy Chief Minister
 ACT Legislative Assembly
 London Circuit
 CANBERRA ACT 2600

Dear Chief Minister *Andrew*

Dear Deputy Chief Minister *Simon*

I am pleased to provide you with the final Icon Water Limited (Icon Water) Statement of Corporate Intent (SCI) 2016-17 to 2019-20 approved by the Icon Water Board on 6 May 2016.

The SCI addresses the issues raised in your letter dated 6 April 2016 regarding the revision of the financial strategy. In addition, as per your letter, the financial forecasts in the SCI match the final budget for 2016-17 to 2019-20 to be shown in the 2016-17 Budget papers.

Copies will be provided to the officers in the Chief Minister, Treasury and Economic Development Directorate to finalise arrangements for tabling in the ACT Legislative Assembly.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
 Managing Director



ACT
Government

Chief Minister, Treasury and
Economic Development

To: Chief Minister
Deputy Chief Minister

Subject: Voting Shareholder Quarterly Meeting with Icon Water 25 May 2016

Critical date and reason

1. **23 May 2016.** Information for your meeting with Icon Water on 25 May 2016 from 9:30am to 10.30am in the Chief Minister's office.

Recommendations

2. That you note the information.

NOTED/PLEASE DISCUSS

Andrew Barr MLA 25/5/16

NOTED/PLEASE DISCUSS

Simon Corbell MLA / /

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Supporting Reasoning

3. Icon Water has submitted the following discussion items:

1. ActewAGL Matters of Interest (Michael Costello)
2. Best for region sewerage treatment plant
3. Macquarie Perch population in the Cotter Reservoir
4. Financial Performance update to 30 April 2016
5. Budget Estimates hearing on 21 June 2016
6. Community Engagement Forum (inaugural meeting)

4. Principal attendees include:

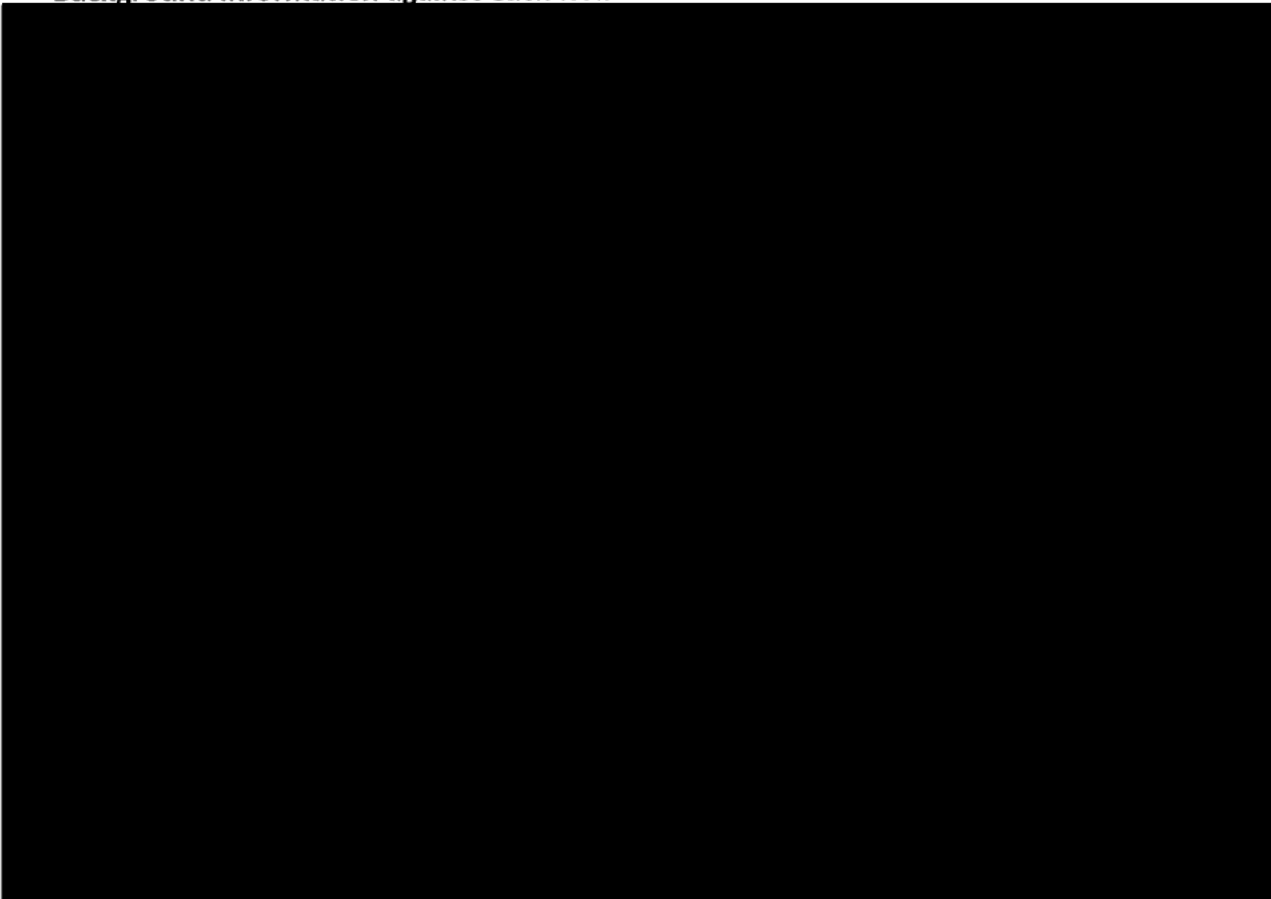
Voting Shareholders: Chief Minister and Deputy Chief Minister

Departmental Officials: David Nicol, Under Treasurer, Dorte Ekelund, DG EPD, Neil Bulless, ED ERD.

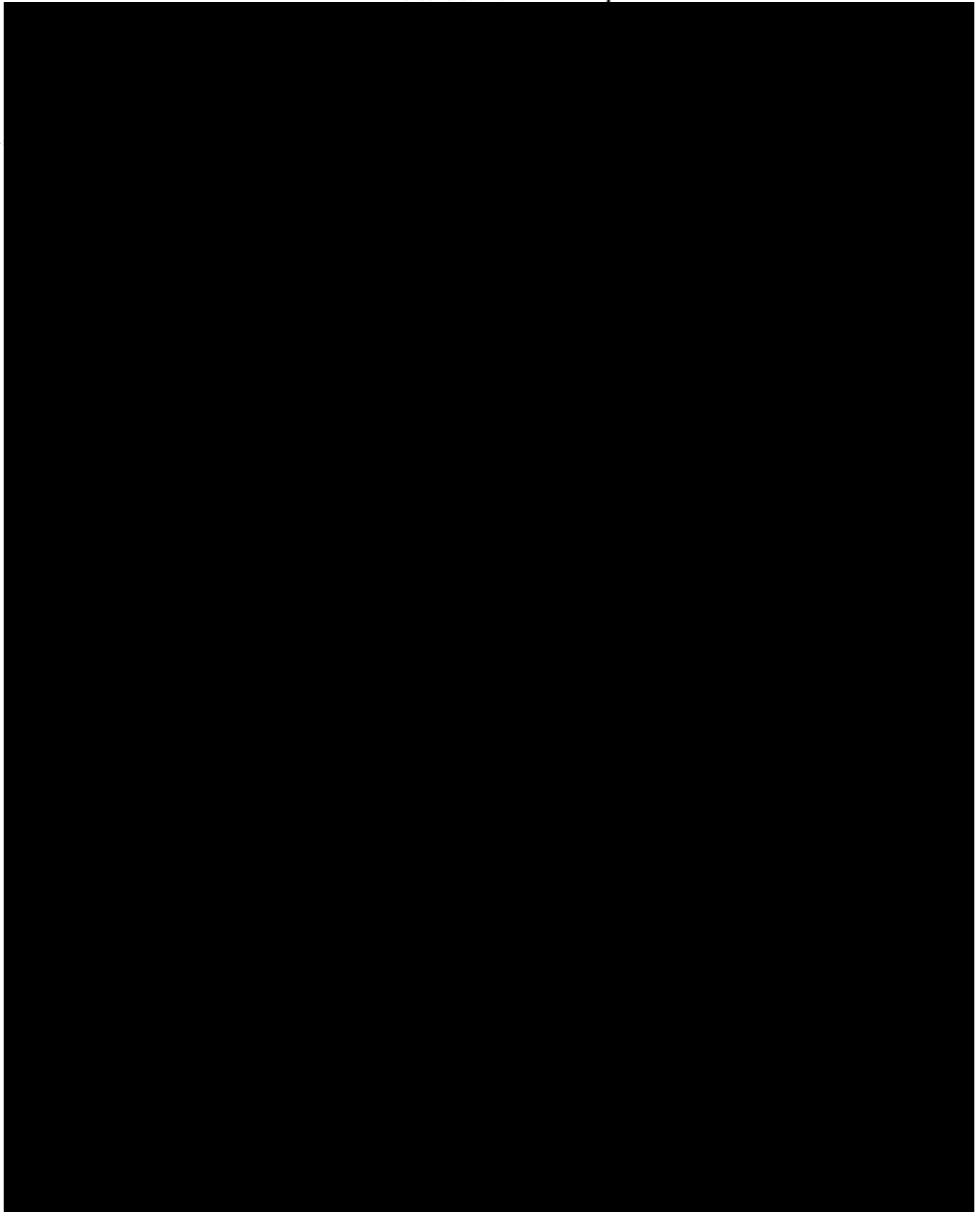
Icon Water: Dr Michael Easson, Chair, Wendy Caird, Deputy Chair, John Knox, Managing Director, and Sam Sachse, General Manager Finance.

ActewAGL: Michael Costello, CEO. (for Item 1 only, then departs)

Background information against each item



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Item 3. Macquarie Perch population in the Cotter Reservoir.

12. As part of the construction of the Enlarged Cotter Dam, Icon Water was required to take measures to protect and manage the endangered Macquarie Perch. This

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included building protective fish barriers and controlling the level of the dam to assist fish exiting the reservoir aimed at the encouragement of successful spawning.

13. However, for unknown reasons the fish have not been spawning since the filling of the Enlarged Cotter Dam. Icon Water and various experts are investigating this issue.

Item 4. Financial Performance update to 30 April 2016

14. Icon Water will provide an update on financial position since the budget was settled.
 - a. The budget shows a net profit after tax for the full year of \$118.4 million, which is \$49.3 million favourable to budget (before tax \$169.2 million or an increase over budget of \$70.4 million).
 - b. The expected dividend is estimated at \$76.2 million for 2015-16, an increase of \$7 million over budget and income tax payments of \$50.8 million, which is \$21 million favourable to budget.

Item 5. Budget Estimates Hearings on 21 June 2016

15. Icon Water is scheduled to appear before the 2016-17 Estimates Committee at 11.05am to 12.05pm on Tuesday 21 June 2016.
16. Icon Water is preparing a briefing pack and will provide copies of the key briefs to the Treasurer.

Item 6. Community Engagement Forum (inaugural meeting)

17. As part of its stakeholder engagement program Icon Water will establish a community consultative forum and will provide an update.

Consultation and Communication

18. EPD, GSO, Icon Water.

Financial

19. N/a

Management of Other Risks

20. Information contained in this brief may be commercially sensitive.

Under Treasurer Clearance:

Executive Clearance: Stuart Friend, Acting Executive Director,
Expenditure Review Division

Date: 20 May 2016

Action Officer: Tony Hays
Extension 75062.



ACT
Government

Chief Minister, Treasury and
Economic Development

To: Chief Minister
Deputy Chief Minister

Subject: Voting Shareholder Quarterly Meeting with Icon Water 25 May 2016

Critical date and reason

1. **23 May 2016.** Information for your meeting with Icon Water on 25 May 2016 from 9:30am to 10.30am in the Chief Minister's office.

Recommendations

2. That you note the information.

NOTED/PLEASE DISCUSS

Andrew Barr MLA / /

NOTED/PLEASE DISCUSS

Simon Corbell MLA .



25 / 5 / 16

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42



18 May 2016

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

Mr Simon Corbell MLA
Deputy Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Andrew
Dear Chief Minister

Simon
Dear Deputy Chief Minister

I refer to our quarterly meeting scheduled for next Wednesday 25 May 2016.

One of the items for discussion at that meeting will be [REDACTED]. I have attached a pre-reading paper for that agenda item, which we can discuss in more detail on the day.

On Monday 23 May, we will brief the Director General, Environment and Planning Directorate and the Deputy Chief Minister's Chief of Staff and the environment and climate change adviser.

At this briefing, we will also discuss the letter received from the Minister for the Environment and Climate Change dated 20 April 2016 concerning the lack of spawning of Macquarie Perch in the Cotter Reservoir.

A briefing on the [REDACTED] was also provided today to Treasury representatives.

If you have any questions concerning the paper or other matters you would like to discuss on the day, please let me know. I look forward to meeting with you next week.

Yours sincerely



John Knox
Managing Director

Handwritten initials and a checkmark, with the number 43 written to the right.



11 July 2016

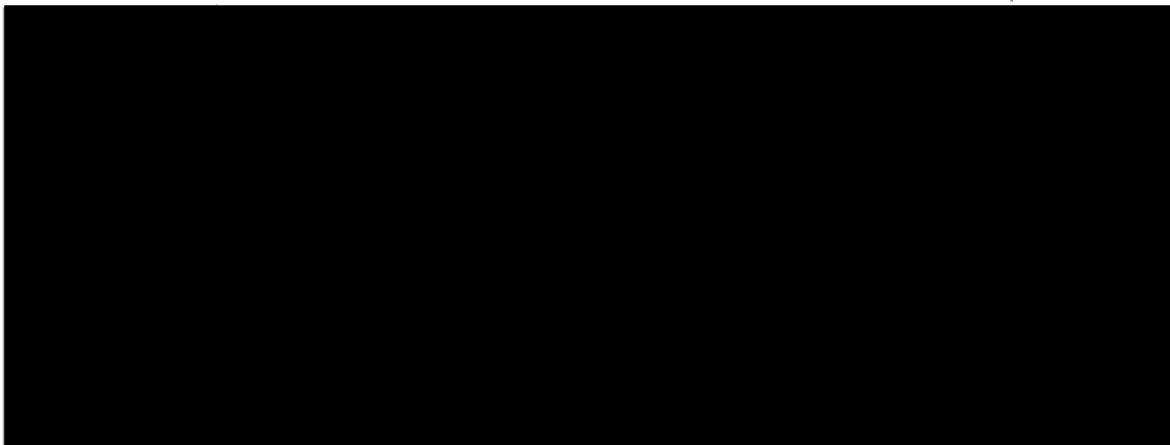
Mr Andrew Barr MLA
Chief Minister
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2600

Mr Simon Corbell MLA
Deputy Chief Minister
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2600

Dear Chief Minister *Andrew*

Dear Deputy Chief Minister *Simon*

Under section 16A of the *Territory-owned Corporations Act 1990*, Icon Water has an obligation to advise you as its Voting Shareholders of significant events. I am writing to advise that the Icon Water Board has approved the proposed sale of approximately \$30m worth of NSW Regulated Murrumbidgee high security water entitlements (Intangible assets) in the 2016-17 financial year.



There should be no impact to the ACT Government as a direct result of the sale. The Under-Treasurer, David Nicol has been informed and Environment and Planning Directorate has been consulted for the proposed sale.

Attachment 1 describes further details of the TTO operation. If you have any questions concerning this matter, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director



Tantangara Transfer Option explained

The Tantangara Transfer Option was implemented to provide Icon Water with a source of water independent of ACT rainfall. The physical water comes from Tantangara Dam, a very productive catchment (300GL/year). Despite this source being upstream of the ACT, getting access to it is much more complicated.

Icon Water owns water entitlements in the Regulated Murrumbidgee River. The entitlements are allocated temporary water each year which is 'real' water. Temporary water can be traded on a market and Icon Water sells the allocations to irrigators when they are not required for a Tantangara Transfer.

Figure 1 presents how water from the Regulated Murrumbidgee ends up in Googong Dam when a Tantangara Transfer is implemented. Icon Water gives up 11GL of ownership of temporary water in the Regulated Murrumbidgee region and gains the right to release 11GL of water from Tantangara Dam (operated by Snowy Hydro Limited) into the Upper Murrumbidgee River.

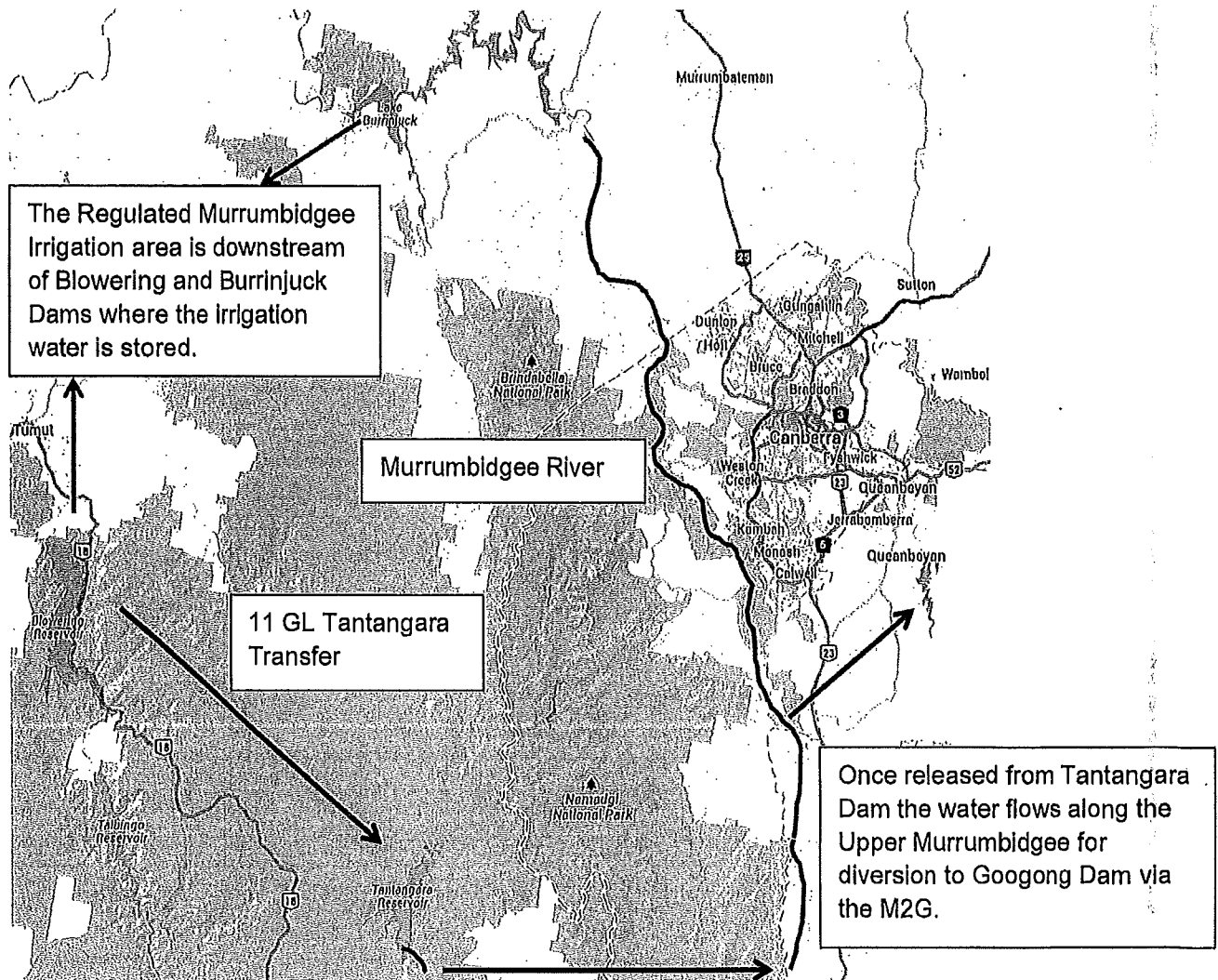


Figure 1 – Getting Icon Water owned Water to the ACT

The water flows east then north in the Upper Murrumbidgee River until it reaches Angle Crossing and the M2G pumps it into Burra Creek which flows into Googong Dam.

The ACT and NSW governments have an intergovernmental agreement to enable the transfer of water across territory boundaries. Icon Water has a commercial agreement with Snowy Hydro Limited (also approved by their licensor) for compensating them for the management of the transfer of the water and loss of electricity generation due to releasing water away from their hydro generators.

All of these costs make water from the Tantangara Transfer Option exceptionally expensive. However, if it is only access during times of drought, the water is far more valuable than the costs as it could keep the ACT and Queanbeyan communities out of water restrictions. Thus, the Tantangara Transfer Option is an insurance against the severest of droughts.



11 July 2016



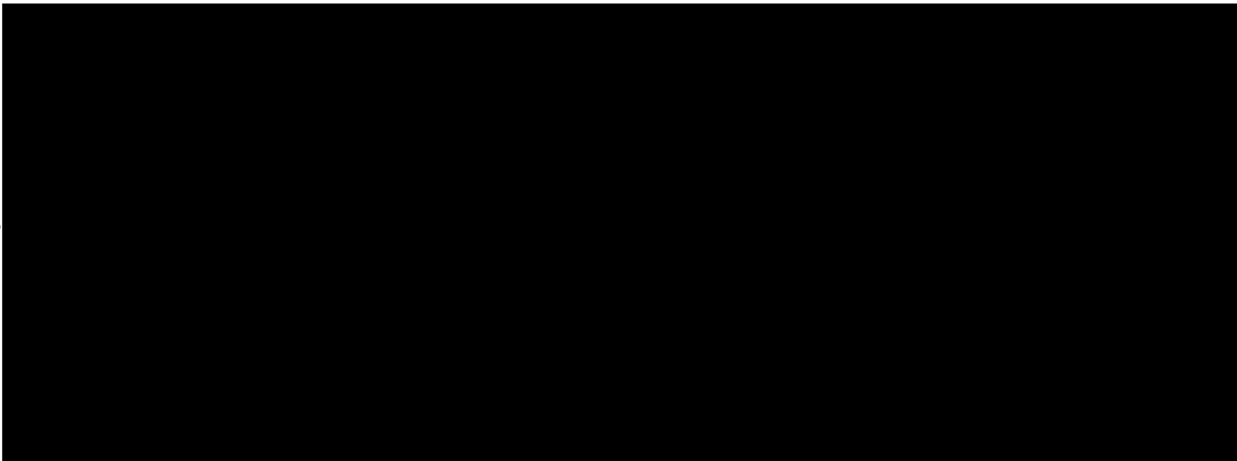
Mr Andrew Barr MLA
Chief Minister
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2600

Mr Simon Corbell MLA
Deputy Chief Minister
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2600

Andrew
Dear Chief Minister

Simon
Dear Deputy Chief Minister

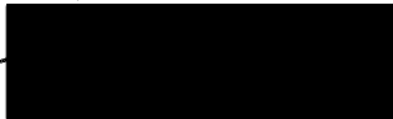
Under section 16A of the *Territory-owned Corporations Act 1990*, Icon Water has an obligation to advise you as its Voting Shareholders of significant events. I am writing to advise that the Icon Water Board has approved the proposed sale of approximately \$30m worth of NSW Regulated Murrumbidgee high security water entitlements (intangible assets) in the 2016-17 financial year.



There should be no impact to the ACT Government as a direct result of the sale. The Under-Treasurer, David Nicol has been informed and Environment and Planning Directorate has been consulted for the proposed sale.

Attachment 1 describes further details of the TTO operation. If you have any questions concerning this matter, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director



12 July 2016

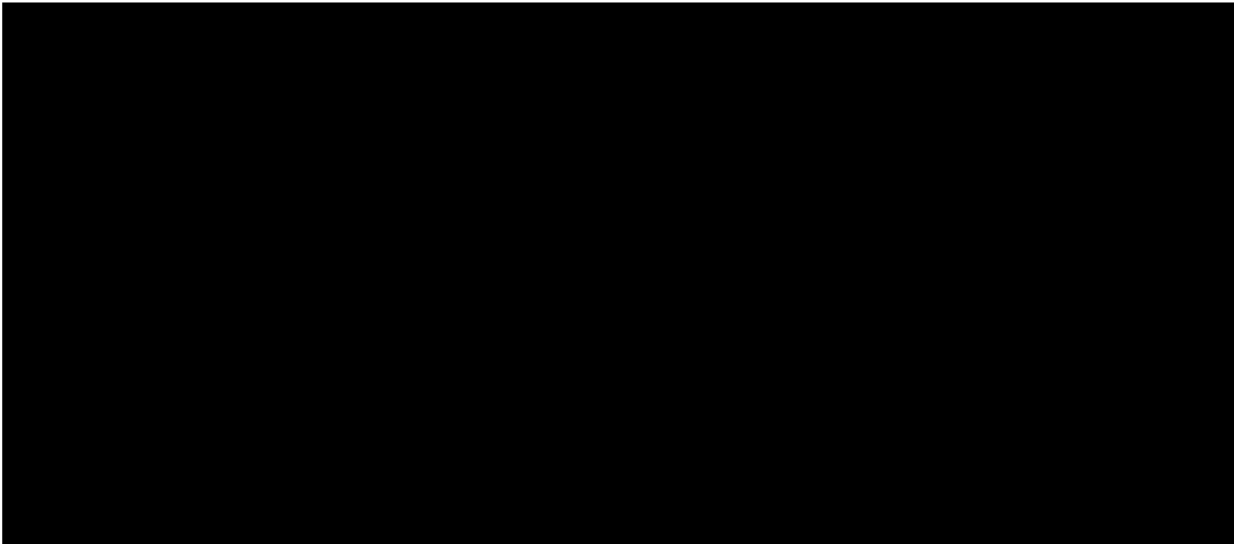
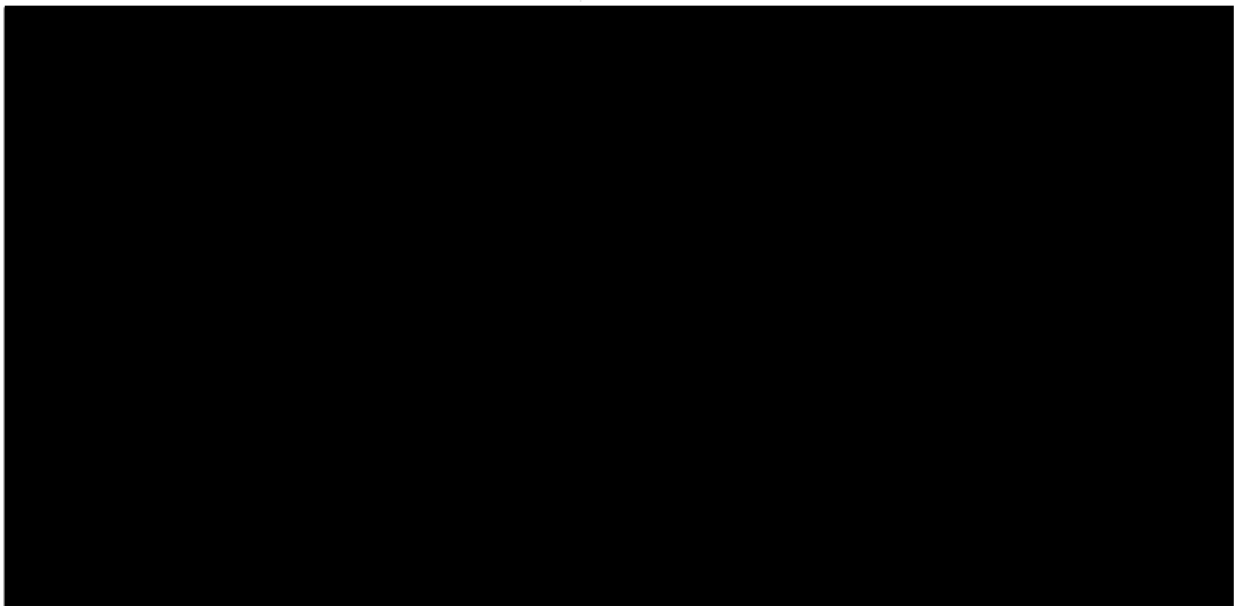
Mr Andrew Barr MLA
 Chief Minister
 Act Legislative Assembly
 GPO Box 1020
CANBERRA ACT 2600

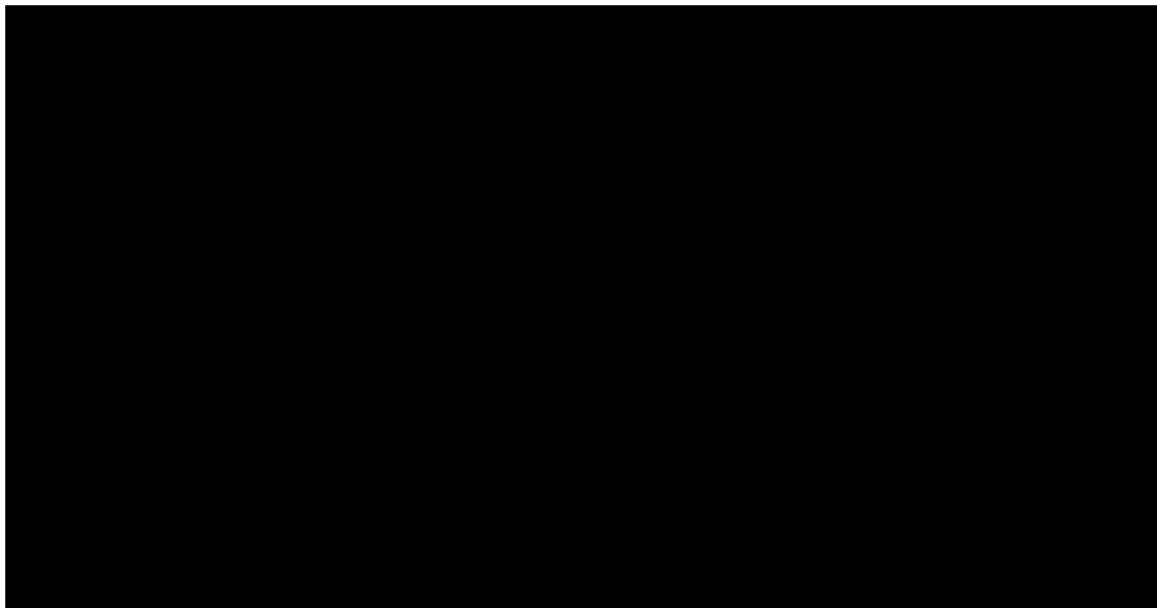
Mr Simon Corbell MLA
 Deputy Chief Minister
 ACT Legislative Assembly
 GPO Box 1020
CANBERRA ACT 2600

Dear Chief Minister *Andrew*

Dear Deputy Chief Minister *Simon*

Notes on meeting held Wednesday 25 May 2016





3. Macquarie Perch at Cotter Reservoir

- Icon Water continues to monitor the spawning of Macquarie Perch in the Cotter Reservoir and will look to undertake further research and investigations on improving the spawning rate.

4. Financial Performance Update

- Icon Water is on course to improve its current favourable profit before tax variance (compared to budget) from \$58m to \$70m by year end.
- The increased profit provided the opportunity for the ACT Government to provide temporary dividend relief which will be offset against Icon Water debt requirements for 2015-16
- Icon Water greatly appreciates the Shareholder's supporting Icon Water's strategic objective to maintain a sustainable debt level.

5. Budget Estimates Hearing

- Icon Water is well prepared for the next Estimates Committee.

6. Community Engagement Forum

- Icon Water is creating a community engagement forum as an advisory body, providing advice on the interests of customers and consumers of Icon Water and other key issues related to Icon Water's planning and operations. It will not have any formal decision-making role or any responsibility for the management of Icon Water.
- The Forum will be comprised of representatives of a range of interest groups including business, district community councils and residential consumers.
- Icon Water noted the Shareholders view that the forum should represent the demographics of Canberra as much as possible.

7. Other Business



Yours sincerely



John Knox
Managing Director



5 August 2016

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

Mr Simon Corbell MLA
 Deputy Chief Minister
 ACT Legislative Assembly
 London Circuit
CANBERRA ACT 2600

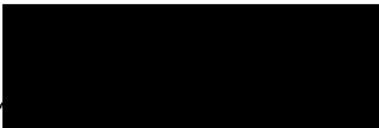
Dear Chief Minister *Andrew*

Dear Deputy Chief Minister *Simon*

I am pleased to provide the agenda and approved meeting minutes from Icon Water Limited's Board meeting no. 237 held on 15 June 2016.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
 Managing Director

Board Meeting No. 237

Time/Date: 12.30pm Wednesday 15 June 2016

Venue: Icon Water Board room, level 5

Address: ActewAGL House, 40 Bunda Street, Canberra ACT 2601

Status	Board administration	Purpose	Participant/s
	Board meeting planner and calendar	information	Breaden
1	Apologies	noting	All
2	Directors disclosure	noting	All
3	Previous minutes	noting	All
4	Matters arising from previous minutes	noting	All
5	Out of session papers	noting	All
6	Shareholders correspondence	noting	Knox
	Corporate governance		
7	Shareholder meeting – update	(oral) noting	Easson
8	Managing Director's report	noting	Knox
9	Risk and Assurance Committee update	(oral) noting	All
10	[REDACTED]	(oral) decision	Knox
	Strategy		
11	Board succession planning	discussion	Knox/Breaden
12	Water Sensitive Urban Design (WSUD) asset management and funding	discussion	Breaden [REDACTED]
13	[REDACTED]	noting	Knox [REDACTED]
14	Industry update	noting	Breaden [REDACTED]
15	Strategy progress report – people	noting	[REDACTED]
16	Strategy progress report – financial	noting	Sachse
	Operations		
17	Selling Icon Water's high security water entitlements	decision	Lewry
18	Business performance report – Asset Management	noting	Lewry
19	Macquarie Perch management in the Cotter Dam	noting	Breaden [REDACTED]
20	Rebranding – customer survey results	noting	Breaden [REDACTED]
21	Business performance report – Business Services	noting	Breaden
22	Business performance report – Finance	noting	Sachse
23	Business performance report – Regulatory Affairs and Pricing	noting	[REDACTED]
24	Business performance report – People and Performance	noting	[REDACTED]
25	Business performance report – Project Delivery, Operations and Maintenance	noting	Hezkial

Next meeting

Meeting no. 238 at 12.00pm on Thursday 25 August 2016

Venue: Boardroom, Level 5, ActewAGL House, 40 Bunda Street, Canberra

Minutes Board Meeting No. 237

Date: Wednesday 15 June 2016

Page: 1 of 9



Minutes of Meeting No. 237 of the Board of Directors of Icon Water Limited ABN 86 069 381 960, held on 15 June 2016, commencing at 12.00pm and concluding at 4.00pm, in the Icon Water Boardroom Level 5, 40 Bunda St, Canberra, ACT 2600.

Present

Michael Easson	Chair
Wendy Caird	Deputy Chair
John Knox	Managing Director
Rachel Peck	Director
Jenny Goddard	Director
Allan Hawke	Director
Carol Lilley	Director

Jane Breaden [REDACTED]	Company Secretary and General Manager Business Services Executive Officer to Managing Director
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Apology

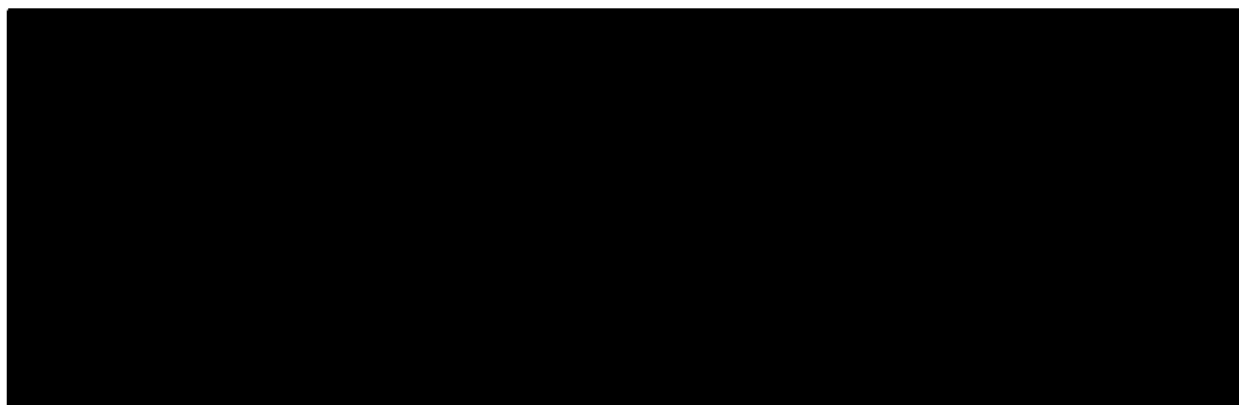
Tom Parry	Director
-----------	----------

Present part meeting

Sam Sachse	General Manager Finance
Amanda Lewry	General Manager Asset Management
Ray Hezkial	General Manager Project Delivery, Operations and Maintenance
[REDACTED]	Manager Finance
[REDACTED]	Manager Advisory
[REDACTED]	Senior Analyst Advisory
[REDACTED]	Water Resource Engineer
[REDACTED]	Manager Environment and Sustainability
[REDACTED]	Manager Customer and Community Affairs
[REDACTED]	Director People and Performance, ActewAGL
[REDACTED]	Manager, People Solutions, ActewAGL
[REDACTED]	Business Partner for Icon Water, ActewAGL
[REDACTED]	Principle Economist, ActewAGL
[REDACTED]	Principal, [REDACTED]

Icon Water Board Meeting No. 237 suspended at 12.00pm and the Remuneration Committee convened.

4497. Remuneration Committee Meeting 2-2016



Minutes Board Meeting No. 237

Date: Wednesday 15 June 2016

Page: 2 of 9

Resolution

The Committee endorsed and requested that the Board **approve** submission of the following to its Voting Shareholders:

- That remuneration for the Icon Water Limited Board be set, effective [from a date to be determined by Voting Shareholders, as follows:

Board role	Fixed Remuneration*	Annual
Chair	\$92,250	
Deputy Chair	\$64,500	
Committee Chair RAC	\$52,000	
Non-Executive Directors	\$45,750	

* Including superannuation

- That Board remuneration be reviewed every twelve months, taking into account CPI movements and other factors the Voting Shareholders deem relevant.
- That a full review of Board remuneration be undertaken every three years, with the next review to apply from [+ 3 years from effective date determined by Voting Shareholders].
- The Chair will discuss the remuneration report directly with the Voting Shareholders.

Remuneration Committee Meeting 2-2016 closed at 12.27 pm and Board meeting no. 237 reconvened.

4498. Apologies 1

The Board **noted** Tom Parry's apology.

4499. Director's disclosures 2

The Board noted there were no disclosures.

4500. Previous minutes 3Resolution

The Board **approved** the minutes of Meeting No. 236 of 21 April 2016.

Minutes Board Meeting No. 237

Date: Wednesday 15 June 2016

Page: 3 of 9



4501. Matters arising from previous meetings 4

Item 236/4467

The Board discussed:

- Various aspects concerning board member tenure.
- The appointment of Dr Parry to the ActewAGL Board following the expiration of Dr Easson's term in March 2017.
- The membership composition of the Icon Water subsidiary boards (Icon Distribution Investments Limited and Icon Retail Investments Limited). Specifically:
- As required by the Board Charter, there are three members of the Icon Water (IW) Board appointed to the subsidiary boards. However, the Managing Director recommended that membership of the subsidiary boards be expanded to include all Icon Water Board members.
- Any amendments to the relevant charters should be dealt with by an out of session paper, noting that implementation requires Voting Shareholder approval and may be delayed due to the impending 'caretaker period' prior to the ACT election.

Item 236/4469

- The Board requested an update on this item.

Action

Management to provide:

- In due course (giving consideration to appropriate timing for seeking Voting Shareholder approval), an out of session paper to the Board addressing proposed changes to the relevant charters to expand membership of the subsidiary boards to all Board members.

- [REDACTED]

Resolution

The Board **noted** the matters arising.

4502. Board remuneration review 10

The Board discussed and considered the recommendations from the Remuneration Committee and **approved** submission of the recommended information (at 4497 above) to the Voting Shareholders.

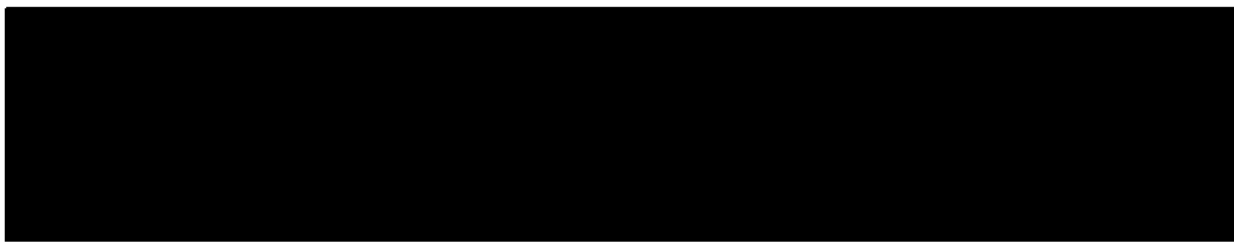
4503. Board *in camera* discussion

[REDACTED]

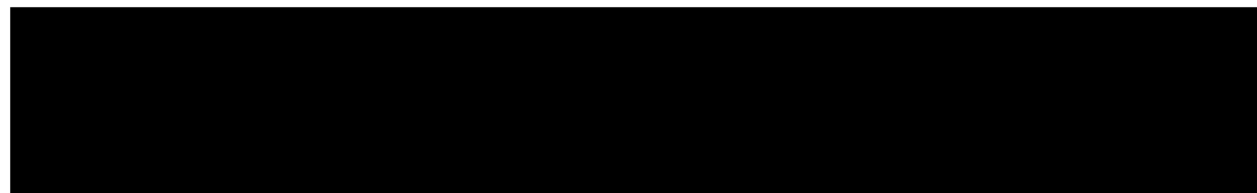
Minutes Board Meeting No. 237

Date: Wednesday 15 June 2016

Page: 4 of 9



Action



4504. Out of session papers 5

Resolution

The Board **noted** the out of session papers.

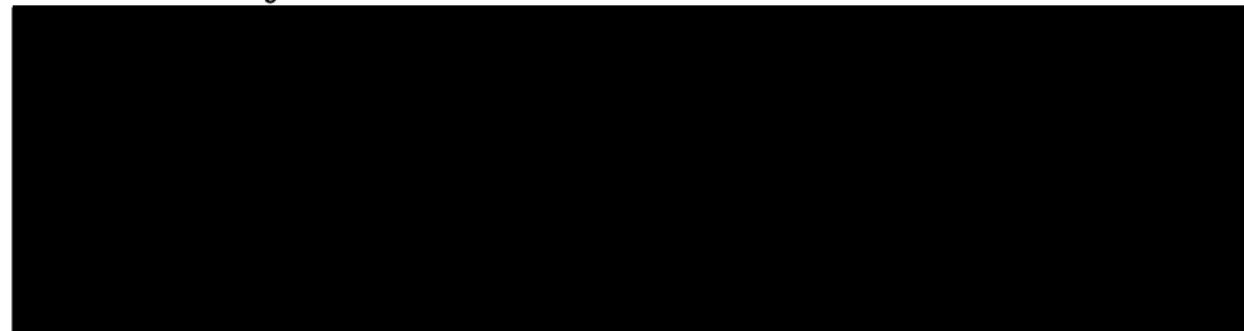
4505. Shareholders correspondence 6

Resolution

The Board **noted** the paper.

4506. Shareholder meeting - update 7

The Chair provided an update on the recent meeting with the Voting Shareholders. The discussion included the following items:



- An update was provided in response to the Minister for Environment's letter relating to the management of Macquarie Perch within the Cotter Reservoir.
- Icon Water will be conducting the inaugural community engagement forum in early June, with membership from a range of community organisations.

Resolution

The Board **noted** the discussions held with Voting Shareholders.

Minutes Board Meeting No. 237

Date: Wednesday 15 June 2016

Page: 5 of 9



4507. Managing Director's report 8

Mr Knox provided the Board with an overview of the Managing Director's report.

Resolution

The Board **noted** the Managing Director's report

4508. Risk and Assurance Committee update 9

Ms Lilley gave an overview of meeting no.4 of the Risk and Assurance Committee (RAC) held prior to the Board meeting, highlighting the following:

- The RAC held a meeting *in camera* with the external auditors, PwC. The external auditors have concluded their interim audit and advised that there were no major findings with only minor issues raised with ActewAGL staff. The external auditors are satisfied with key controls and systems and noted that the control framework has matured. They also advised that the statement preparation is on track.
- No new management points have arisen from interim work by the Auditor-General's office and any remaining issues from last year will be closed.
- The proposed internal audit strategy for the next three years was discussed and the program of work was approved.
- The RAC will circulate an update of asbestos management to the Icon Water Board through an out of session paper. The related paper presented to the RAC on the presence of asbestos in Icon Water above ground assets and the underground pipe network will also be circulated to the Icon Water Board.
- Management confirmed that representatives from [REDACTED] have reaffirmed their commitment to improving their operations following Icon Water's internal audit into their safety management.
- An update on the Business Transformation Program was received which highlighted some continuing performance issues but noted considerable re-prioritisation was carried at the last workshop.

Dr Hawke commended the high quality of work completed by the Manager Quality and Internal Audit.

Resolution

The Board **noted** the Risk and Assurance Committee update.

4509. Water Sensitive Urban Design (WSUD) asset management and funding 12

The Board received an overview of this paper and in particular noted the continuing discussions between Icon Water and the Environment and Planning Directorate on WSUD assets.

Resolution

The Board **noted**:

- The update on the ACT Government's consideration of alternative management and funding arrangements for the ACT's Water Sensitive Urban Design (WSUD) assets performance outcome.
- Icon Water's approach to engage with the ACT Government process.

Minutes Board Meeting No. 237

Date: Wednesday 15 June 2016

Page: 6 of 9



Resolution

The Board **noted** the progress of the proposed best for region sewage management project.

4511. Industry Update 14

The meeting received an overview of this paper.

Resolution

The Board **noted** current industry and integrated planning issues relevant to Icon Water.

4512. Strategy progress report - people 15

The Board received a progress report on the People Strategy and noted the key achievements to date, in particular the support for victims of domestic violence; the significant investment in training in the areas of leadership, competency and ensuring that training no longer takes an ad hoc approach. The Board requested the specific inclusion of gender in the diversity statement in the People Strategy document and also noted the move to blind shortlisting of candidates for positions in Icon Water.

Action

Include a reference to gender in the diversity statement in the People Strategy.

Resolution

The Board **noted** progress against the People Strategy.

4513. Strategy progress report – financial 16

The Board received a progress report on the Financial Strategy and noted the good progress on sustainable debt levels and that management is now forecasting a gearing level of 57 per cent by 2020 (reduced from 65 per cent). The Board commended management on the ongoing focus on the financial strategy initiatives.

Resolution

The Board **noted** the progress against the Financial Strategy.

Minutes Board Meeting No. 237

Date: Wednesday 15 June 2016

Page: 7 of 9



4514. Selling Icon Water's high security water entitlements 17

The Board received an in depth briefing on the current status of Icon Water's high security water entitlements, following a review of the Tantangara transfer scheme, with a view to selling the licences on the market.

Action

Management to consult with the Under Treasurer concerning the ACT Government's views on the sale of water licenses for the Tantangara transfer scheme.

Resolution

The Board **approved** the sale of 9,459ML of regulated Murrumbidgee high security water entitlements at a price not below [REDACTED] subject to there being no objections from the Voting Shareholders.

The Board **noted** Icon Water will remain a part of the Tantangara Transfer Option subject to further investigation and analysis.

4515. Business performance report – Asset Management 18

The Board received an overview of this paper and an update on the progress with:

- dam management
- working with the Utilities Technical Regulator
- [REDACTED]

Resolution

The Board **noted** the performance outcomes for the Asset Management Group as at 30 April 2016.

4516. Macquarie Perch management in the Cotter Dam 19

The Board received a briefing on solutions being investigated to ensure the continuing presence of healthy Macquarie Perch in the enlarged Cotter Dam. Management confirmed it is in the process of developing a suitable response to Minister Corbell's letter, which would consider catchment issues.

Resolution

The Board **noted** Icon Water's pro-active efforts to minimise and mitigate impacts of the enlarged Cotter Dam to the threatened species, Macquarie Perch.

4517. Rebranding – customer survey results 20

The meeting was provided with the latest customer survey results and noted the progress with brand recall which is at a satisfactory level, and what further actions can be undertaken to improve this. Management confirmed that, where available, comparison results with other utilities will be analysed and provided in future reporting.

Resolution

The Board **noted**:

- Performance outcomes of the April 2016 customer survey results.
- Management's communication with the Voting Shareholders regarding results from Icon Water's April 2016 customer satisfaction survey that relate to brand recall and recognition.

Minutes Board Meeting No. 237

Date: Wednesday 15 June 2016

Page: 8 of 9



4518. Business performance report – Business Services 21

Management highlighted:

- The improvement in safety performance, noting further work is ongoing
- Commonwealth Superannuation Scheme legal claims
- the successful initial meeting of the Community Consultative Forum held recently and the Forum's request for members to meet more regularly.

Action

Management to:

- provide a summary report to the Board following the next meeting of the Community Consultative Forum
- include in the BSG business performance report relevant information on key activities of the communications team

Resolution

The Board **noted** the current performance of the Business Services Group.

4519. Business performance report – Finance 22

The meeting discussed the paper and were advised that prior to the next Board meeting an out of session paper on dividend payment would be distributed for consideration.

The Board also received updates on the progress of:

- the review of the Corporate Services Agreement
- work at the Mitchell offices.

Ms Breaden advised the November 2016 Board meeting is scheduled to be held in the upgraded office at Mitchell.

Resolution

The Board **noted** the current performance report of the Finance Group.

4520. Business performance report – Regulatory Affairs 23

Resolution

The Board **noted** the developments in economic regulation of water and sewerage charges in the ACT.

4521. Business performance report – People and Performance 24

Resolution

The Board **noted** the key People and Performance matters for the period 1 March 2016 to 31 May 2016.

Signed _____
Chair

Minutes Board Meeting No. 237

Date: Wednesday 15 June 2016

Page: 9 of 9



4522. Business performance report – Project Delivery, Operations and Maintenance 25

The Board received an overview of this paper and in particular noted:

- The Project Delivery program deviation in the full year forecast which is currently within the organization program performance tolerance of 10% and that this does not impact the capital program.
- The update concerning the introduction of GPS fleet management system into all Icon Water vehicles.

Action

Management to provide a trend analysis on the Project Delivery Program and achievements gained.

Resolution

The Board **noted** the performance outcome of the report of the Project Delivery, Operations and Maintenance Group as at 30 April 2016.

Meeting closed

Meeting closed at 4.00pm.

NEXT MEETING: Meeting no. 238 at 1.00 pm on Thursday 25 August 2016 at ActewAGL House, 40 Bunda St Canberra ACT.



ACT
Government

Chief Minister, Treasury and
Economic Development

To: Chief Minister
Deputy Chief Minister

Subject: Voting Shareholder Quarterly Meeting with Icon Water 25 August 2016

Critical date and reason

1. **22 August 2016.** Information for your meeting with Icon Water on 25 August 2016 from 9:30am to 10.30am in the Executive Meeting Room in the Chief Minister's office.

Recommendations

2. That you note the information.

NOTED/PLEASE DISCUSS

Andrew Barr MLA ... [Redacted] 21/8 / 16

NOTED/PLEASE DISCUSS

Simon Corbell MLA / /

SENSITIVE

Supporting Reasoning

3. Principal attendees include:

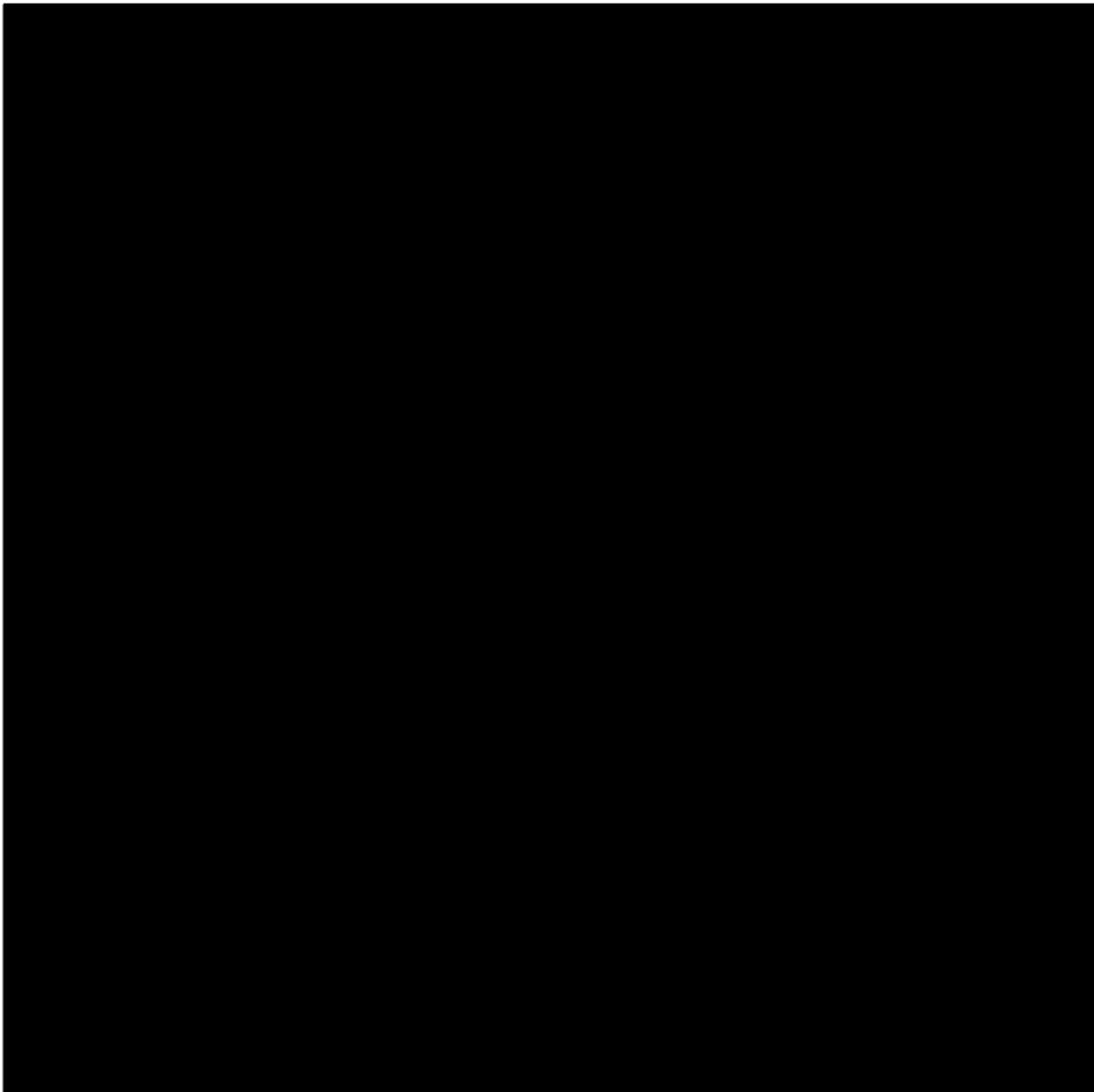
Voting Shareholders: Chief Minister and Deputy Chief Minister

Departmental Officials: David Nicol, Under Treasurer, Dorte Ekelund, DG EPD, Stuart Friend, Acting ED ERD.

Icon Water: Dr Michael Easson, Chair, Wendy Caird, Deputy Chair, John Knox, Managing Director, and Sam Sachse, General Manager Finance.

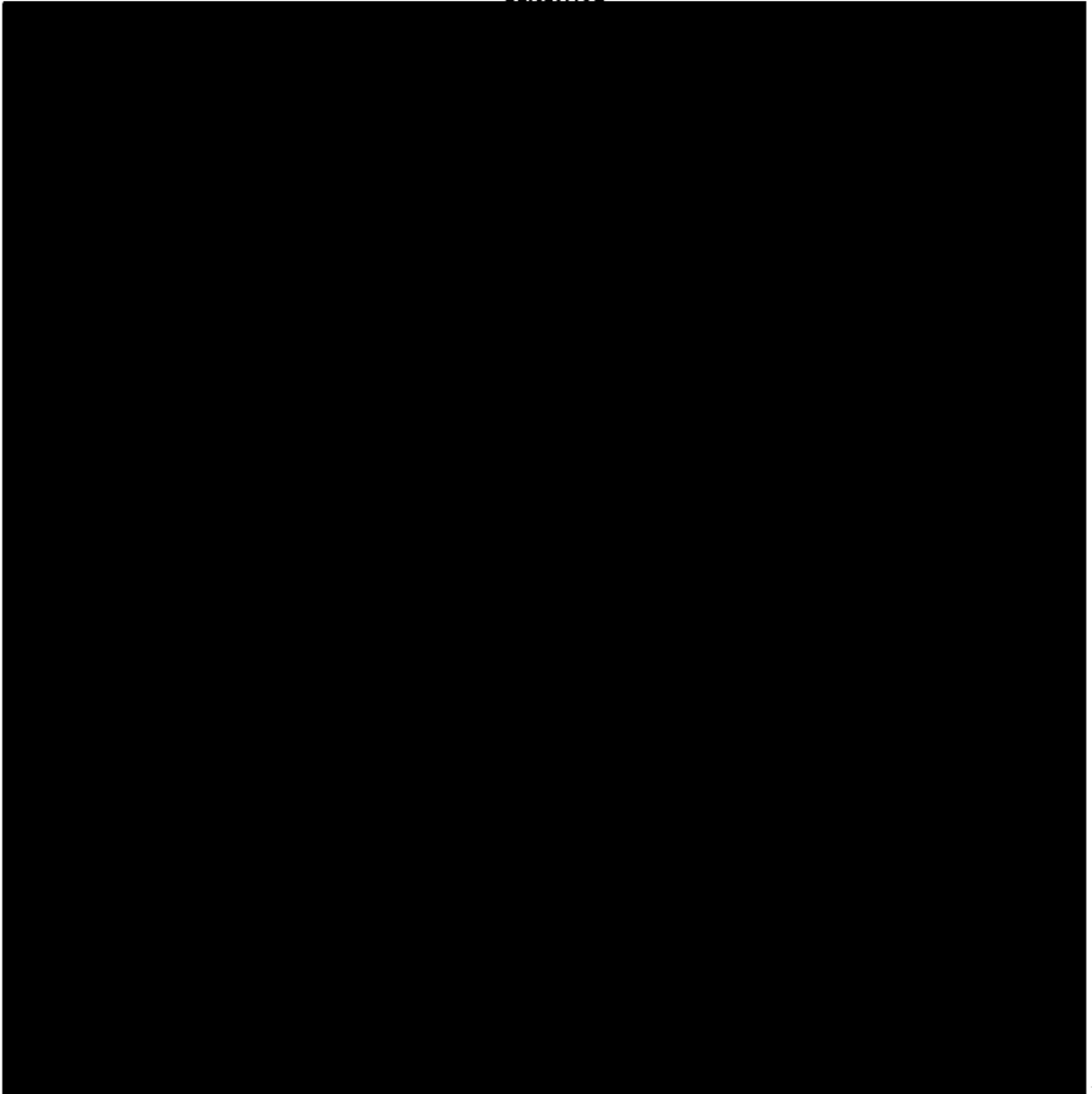
ActewAGL: Michael Costello, Chief Executive Officer, Steve Skourakis, Chief Finance Officer (Items 1 to 3, then depart the meeting).

4. Icon Water has identified the following topics for discussion:



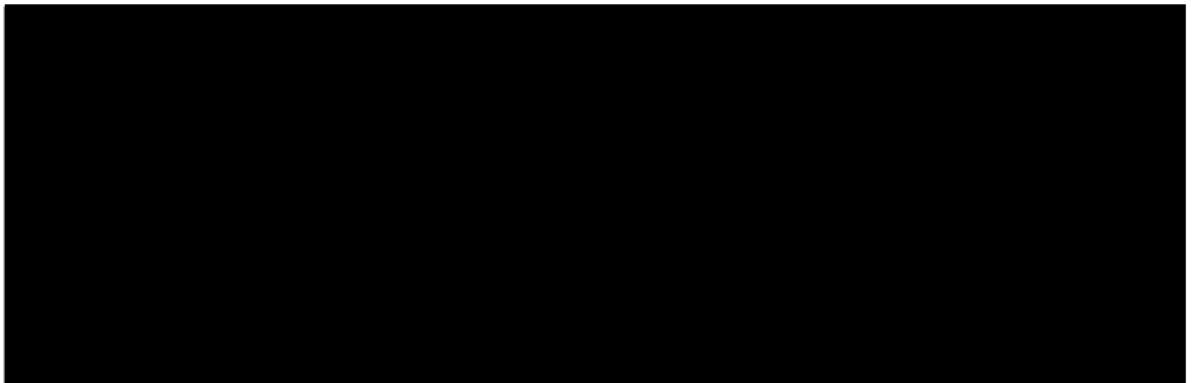
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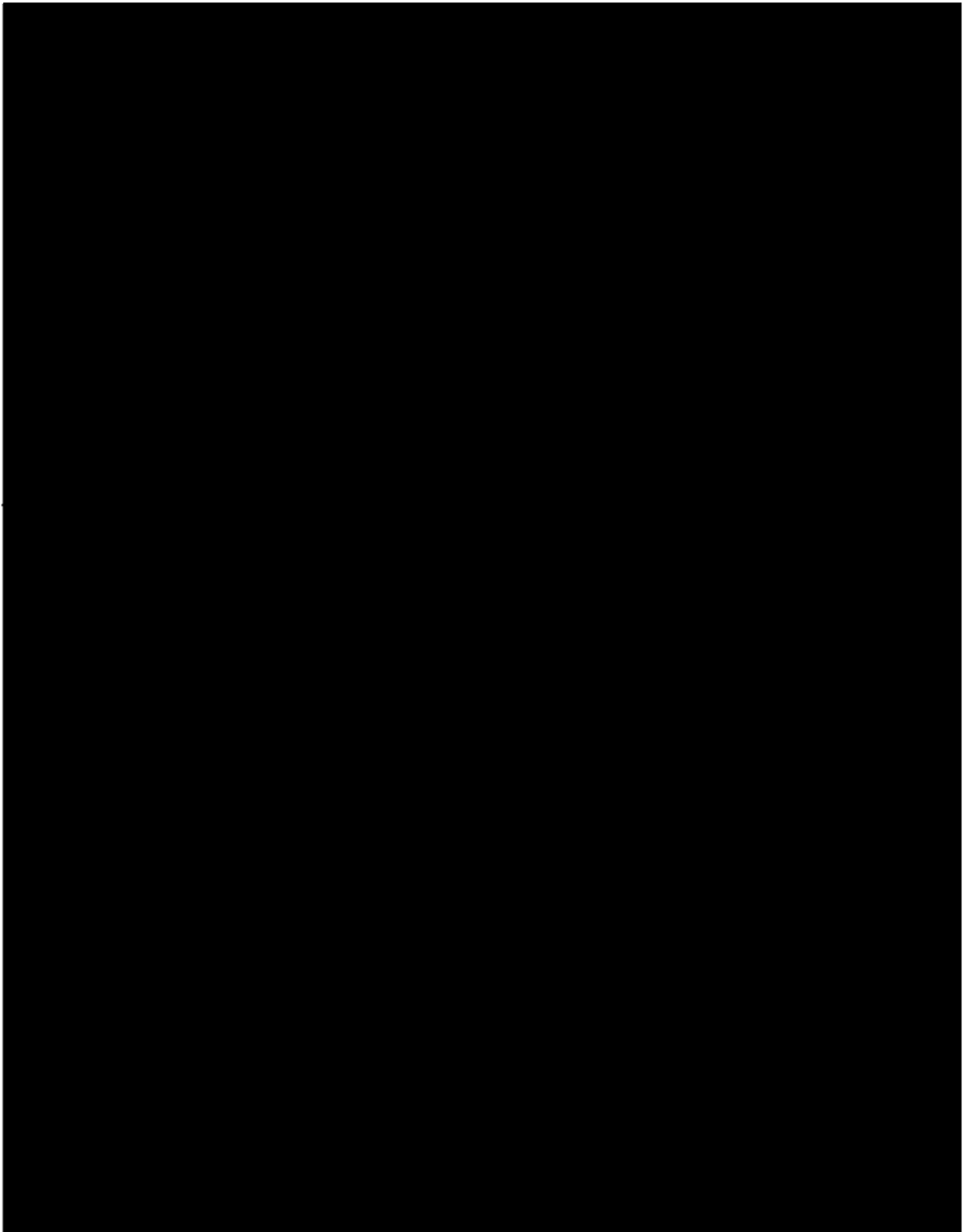
Item 4. Annual General Meeting

14. Icon Water will discuss the AGM to be held on 7 September 2016 and may ask the Shareholders if there are any particular matters they would like raised at the AGM. Treasury does not have any suggestions in this regard.



SENSITIVE

SENSITIVE



Consultation and Communication

23. EPD, GSO, and Icon Water.

SENSITIVE

SENSITIVE

Financial

24. N/a

Management of Other Risks

25. Certain information contained in this brief is commercially sensitive.

Under Treasurer Clearance;



22/8

Executive Clearance:

Stuart Friend, Acting Executive Director,
Expenditure Review Division

Date: 19 August 2016

Action Officer: Tony Hays
Extension 75062.

47



30 August 2016

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

Mr Simon Corbell MLA
Deputy Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Andrew
Dear Chief Minister

Simon
Dear Deputy Chief Minister

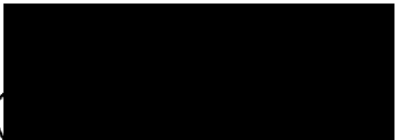
I am pleased to provide you with the agenda and papers for the upcoming Annual General Meeting (AGM) for Icon Water Limited (Icon Water).

Please note that the final printed and signed version of Icon Water's Annual Report to the ACT Government 2015-16, including financial statements and ActewAGL Joint Venture accounts, will be presented at the AGM on 7 September 2016.

If there are particular matters that you would like to discuss or raise at the AGM, please let me know in advance and I would be more than happy to facilitate this.

Should you have any questions concerning the papers, please do not hesitate to contact me. I look forward to meeting with you at the AGM.

Yours sincerely



John Knox
Managing Director



ICON WATER LIMITED

ABN 86 069 381 960

ANNUAL GENERAL MEETING

**3.30pm on Wednesday 7 September 2016
Icon Water Board Room, Level 5 ActewAGL House
40 Bunda Street, Canberra ACT 2600**

AGENDA

- 1. Notice of Meeting**
- 2. Minutes of the Annual General Meeting (9 September 2015)**
- 3. ACT Auditor-General's Report**
- 4. Presentation of Annual Report and Accounts and Directors' Report for 2015-16**
- 5. Declaration of Final Dividend 2015-16**
- 6. Other Business**



11 August 2016

Mr Simon Corbell MLA
Deputy Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Dear Deputy Chief Minister

**NOTICE OF ANNUAL GENERAL MEETING OF
ICON WATER LIMITED ACN 069 381 960**

Notice is given that the Annual General Meeting of Members of Icon Water Limited will be held in the Board Room of the Company's registered office, Level 5 ActewAGL House, 40 Bunda Street, Canberra at 3.30pm on Wednesday, 7 September 2016.

Section 249X (1) of *Corporations Act 2001* provides that a member of a company who is entitled to attend and cast a vote at a meeting of the company's members, may appoint a person as the member's proxy to attend and vote for the member at the meeting. The appointed proxy is not required to be a member of the company. Attached is a proxy appointment form if you are unable to attend the meeting.

Business

1. To receive and consider the reports of the Directors and the auditor and the annual financial report for the year ended 30 June 2016.
2. To seek agreement to the declaration of a final dividend for 2015-16.

By order of the Directors under clause 27 of the Constitution.

If you have any questions concerning the above, please do not hesitate to contact me on 6180 6120.

Yours sincerely



Jane Broaden
Company Secretary
Icon Water Limited

APPOINTMENT OF A PROXY BY A VOTING SHAREHOLDER OF

**ICON WATER LIMITED
LEVEL 5 ActewAGL HOUSE, 40 BUNDA STREET,
CANBERRA ACT 2600**

ACN 069 381 960

I, Simon Corbell MLA, Deputy Chief Minister of the Australian Capital Territory and a Voting Shareholder of Icon Water Limited (the Company), of business address c/- ACT Legislative Assembly, Civic Square, London Circuit, Canberra ACT 2600, hereby appoint

.....

as my proxy as a Voting Shareholder of the Company at the Annual General Meeting of the Company to be held at 3.30pm on Wednesday 7 September 2016 and at any adjournment of that Meeting.

The Meeting will be held in the Board Room of the Company's registered office, Level 5 ActewAGL House, 40 Bunda Street, Canberra ACT 2600.

Signed:.....
Simon Corbell

Date:.....



11 August 2016

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

Dear Chief Minister

**NOTICE OF ANNUAL GENERAL MEETING OF
ICON WATER LIMITED ACN 069 381 960**

Notice is given that the Annual General Meeting of Members of Icon Water Limited will be held in the Board Room of the Company's registered office, Level 5 ActewAGL House, 40 Bunda Street, Canberra at 3.30pm on Wednesday, 7 September 2016.

Section 249X (1) of *Corporations Act 2001* provides that a member of a company who is entitled to attend and cast a vote at a meeting of the company's members, may appoint a person as the member's proxy to attend and vote for the member at the meeting. The appointed proxy is not required to be a member of the company. Attached is a proxy appointment form if you are unable to attend the meeting.

Business

1. To receive and consider the reports of the Directors and the auditor and the annual financial report for the year ended 30 June 2016.
2. To seek agreement to the declaration of a final dividend for 2015-16.

By order of the Directors under clause 27 of the Constitution.

If you have any questions concerning the above, please do not hesitate to contact me on 6180 6120.

Yours sincerely

A solid black rectangular box used to redact the signature of the Company Secretary.

Jane Breaden
Company Secretary
Icon Water Limited

APPOINTMENT OF A PROXY BY A VOTING SHAREHOLDER OF

**ICON WATER LIMITED
LEVEL 5 ActewAGL HOUSE, 40 BUNDA STREET,
CANBERRA ACT 2600**

ACN 069 381 960

I, Andrew James Barr MLA, Chief Minister and Treasurer of the Australian Capital Territory and a Voting Shareholder of Icon Water Limited (the Company), of business address c/- ACT Legislative Assembly, Civic Square, London Circuit, Canberra ACT 2600, hereby appoint

.....

as my proxy as a Voting Shareholder of the Company at the Annual General Meeting of the Company to be held at 3.30pm on Wednesday 7 September 2016 and at any adjournment of that Meeting.

The Meeting will be held in the Board Room of the Company's registered office, Level 5 ActewAGL House, 40 Bunda Street, Canberra ACT 2600.

Signed:.....
Andrew James Barr

Date:.....

Annual General Meeting No. 21

Date: Wednesday, 9 September 2015

Page: 1 of 3



Minutes of Annual General Meeting number 21 of Members of Icon Water Limited ABN 86 069 381 960 held on 9 September 2015 commencing at 3.30 pm and concluding at 3.53 pm in the Board Room, Level 5 ActewAGL House, 40 Bunda Street, Canberra ACT 2600.

Present

Voting Shareholders

Andrew Barr MLA Chief Minister
(Deputy Chief Minister's proxy)

Attendees

Michael Easson Chairman
Wendy Calrd Deputy Chair
John Knox Managing Director
Rachel Peck Director
Jenny Goddard Director

Jamie Driscoll Chief of Staff to the ACT Chief Minister
David Nicol Under Treasurer

Sam Sachse General Manager Finance
Jane Breaden General Manager Governance and acting General Manager
Safety and Business Solutions

Craig Richardson Company Secretary
Stephanie West Executive Officer to Managing Director

Present part meeting

Maxine Cooper ACT Auditor-General
Tim Larnach ACT Auditor-General's Office

Apologies

Simon Corbell MLA Deputy Chief Minister
Allan Hawke Director
Carol Lilley Director

1. Meeting open

Dr Easson opened the Annual General Meeting and welcomed the Chief Minister, his staff, Mr Driscoll and Mr Nicol, and Dr Maxine Cooper and Mr Tim Larnach of the ACT Audit Office.

Dr Easson noted apologies for Deputy Chief Minister Simon Corbell, Dr Hawke and Ms Lilley.

2. Notice of meeting and proxy form

The Notice of Meeting Issued on 12 August 2015 was **noted** and taken as read.

A form appointing the Chief Minister as the Deputy Chief Minister's proxy was formally tabled and **noted**.

[Redacted Signature]

[Redacted Signature]

Annual General Meeting No. 21

Date: Wednesday, 9 September 2015

Page: 2 of 3



3. Minutes of the Annual General Meeting held on 10 September 2014 and General Meeting held on 14 October 2014.

The draft minutes of the Annual General Meeting number 20 held on 10 September 2014 and the General Meeting held on 14 October 2014 were **confirmed** by the Voting Shareholders as correct and signed by Dr Easson.

4. Special Resolution to amend the Company Constitution

The Voting Shareholder's **passed** the following resolution as a special resolution:

- (a) amend the title page of the Constitution of the Company by deleting the words "ACTEW Corporation Limited" and replacing the words with "Icon Water Limited";
- (b) amend clause 1 (Company Name) of the Constitution of the Company by deleting the words "ACTEW Corporation Limited" and replacing the words with "Icon Water Limited"; and
- (c) amend clause 9 (Interpretation) of the Constitution of the Company under the definition of 'company' by deleting the words "ACTEW Corporation Limited" and replacing the words with "Icon Water Limited".

5. ACT Auditor-General's Report

Dr Cooper expressed thanks to Icon Water for being professional, open and responsive during the audit of the Icon Water group's financial statements for the year ended 30 June 2015.

Dr Cooper confirmed the unqualified approval of financial statements and advised the meeting that the ACT Audit Office were required to notify ASIC regarding the restatement of Icon Water's accounts associated with recognising the additional gifted asset revenue.

An error in the Auditor-General's letter to Dr Easson accompanying the Audit close report was mentioned. The erroneous letter date of 2014 instead of 2015 was **noted**, and an updated cover letter was tabled.

Dr Cooper thanked Deloitte for its contribution to this year's audit and advised the ACT Audit Office will run a tender process to engage audit services for next year.

The Voting Shareholders **noted** the Auditor-General's report.

Dr Easson thanked Dr Cooper and Mr Larnach for their attendance and they left the meeting.

6. Presentation of Annual Report and Accounts and Directors' Report for 2014-15

The Voting Shareholders **confirmed** receipt and acceptance of the Annual Report and Accounts and Director's Report for 2013-14, noting it was under embargo until it's tabling at the ACT Legislative Assembly.

7. Declaration of Final Dividend 2014-15

The Voting Shareholders **noted** and **agreed** to the declaration of the final dividend for Icon Water of \$23,808,126 payable by 31 October 2015, in respect of the 2014-15 financial year.

Signed _____

Chief Minister (member)

Signed _____

Chairman

Annual General Meeting No. 21

Date: Wednesday, 9 September 2015

Page: 3 of 3



8. Other business

Cross border opportunities

The meeting discussed various, current and potential, cross border opportunities between the ACT and NSW.

Mr Knox advised that such groups as the ACT and Region Catchment Management Coordination Group had provided an excellent platform to explore and discuss such options.

The Chief Minister advised he was eager to reschedule the Icon Water and Shareholders strategy session, where this matter could be discussed in more depth.

Dr Easson undertook to organise a suitable time and date for the Icon Water and Shareholders strategy session. Mr Knox advised that Icon Water would formalise an approach to current and future cross border opportunities in preparation for the session.

Recruitment of non-executive board member

Dr Easson advised that he, Ms Caird and Mr Nicol had completed a recruitment process to fill the vacant non-executive Icon Water board member position. Dr Easson undertook to prepare a selection report and recommendation, for submission to the ACT Government for approval.

ActewAGL and emerging technologies

Ms Caird advised the Chief Minister that, in addition to working to respond to emerging technologies, ActewAGL are working well to respond to the AER decision and the Icon Water Board are pleased with their proactive approach to both matters.

Meeting Closed

Dr Easson thanked the Chief Minister and his staff for their attendance and the Annual General Meeting was closed at 3.53 pm.

[Redacted Signature]
Chief Minister (member)

[Redacted Signature]
Chairman



ANNUAL GENERAL MEETING

For decision

Meeting date: 7 September 2016

Declaration of Final Dividend 2015–16

Purpose

This paper seeks the Voting Shareholder's agreement to the declaration of the final dividend for the 2015–16 financial year.

Background

The ACT Government dividend policy for Icon Water Limited (Icon Water) is 100% of net profit after tax with the exception of gifted assets associated with the Googong Estate project as agreed with the ACT Government for the 2015–16 financial year.

Further, on 5 May 2016, the Voting Shareholders agreed to a one-off variation to the 100% net profit after tax dividend policy for 2015–16, allowing Icon Water to retain \$42.0m in profit, as a form of debt relief.

The dividend policy requires an interim dividend payment of 80% of forecast Net Profits Available for Dividend, to be paid by 30 June 2016. An interim dividend payment of \$60.4m was paid to the ACT Government in June 2016.

The final profit for Icon Water as per the 2015–16 financial statements is \$122.3m. Net Profits Available for Dividend (excluding gifted assets from the Googong Estate project of \$0.3m and the \$42.0m dividend relief granted) for 2015–16 is \$80.0m.

The final dividend payment of \$19.66m (\$80.0m less the interim dividend paid of \$60.4m) is payable by 31 October 2016.

The Icon Water Constitution Clause 83 states: "The Directors shall declare such dividend as is agreed to between them and the Voting Shareholders."

Proposed resolution:

The Voting Shareholders **note** and **agree** to the declaration of the final dividend for Icon Water of \$19,660,733 payable by 31 October 2016, in respect of the 2015–16 financial year.

470A



7 September 2016

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

Mr Simon Corbell MLA
Deputy Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600


Andrew
Dear Chief Minister

Simon
Dear Deputy Chief Minister

As foreshadowed in my letter of 30 August 2016, I am pleased to provide you with the final Icon Water Limited Annual Report to the ACT Government 2015-16.

We will provide additional copies to the Chief Minister, Treasury and Economic Development Directorate to arrange tabling in the ACT Legislative Assembly in mid October 2016.

Yours sincerely


John Knox
Managing Director



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To: **Chief Minister**
Deputy Chief Minister

Subject: Icon Water Limited Annual General Meeting (AGM) – 7 September 2016

Critical date and reason

1. **2 September 2016.** To brief the Voting Shareholders for the AGM to be held at **3.30 pm on 7 September 2016** at the Icon Water Board Room on the 5th Floor, ActewAGL House, 40 Bunda Street, Canberra.

Recommendations


2. That in your capacity as Voting Shareholders you:
 - a. note the minutes of the 9 September 2015 AGM at Tab 2;

NOTED/DISCUSS

Andrew Barr MLA.....7./9/16

NOTED/DISCUSS
Simon Corbell MLA...../ /

- b. accept the report of the Auditor-General, together with the Directors' Report and the Financial Statements for 2015-16 at Tab 3 and Tab 4; and

AGREED/NOT AGREED/DISCUSS

Andrew Barr MLA.....7./9/16

AGREED/NOT AGREED/DISCUSS
Simon Corbell MLA...../ /

- c. note and agree to the declaration of the final dividend for Icon Water of \$19,660,733 payable by 31 October 2016 in respect of the 2015-16 financial year (Tab 5).

AGREED/NOT AGREED/DISCUSS

Andrew Barr MLA.....7./9/16

AGREED/NOT AGREED/DISCUSS
Simon Corbell MLA...../ /

Supporting Reasoning

3. The agenda and papers for the AGM are at Attachment A.
4. Icon Water's Constitution requires the Voting Shareholders to attend in person or by proxy. If you are unable to attend for any reason, please arrange for another Minister to attend in your place by using the proxy form at Tab 1. Only one Shareholder need attend if they are made the proxy for the other Shareholder. The proxy would need to present the completed form at the AGM.
5. The main purpose of this AGM is to:
 - a. receive and consider the reports of the Directors and the Auditor General, and the annual financial report for 2015-16; and
 - b. declare a final dividend for 2015-16.
6. The Voting Shareholders each hold one vote, and a resolution requires the unanimous vote of both Shareholders either in person or by proxy.

AGM Agenda Items

Agenda Item 1 – Notice of Meeting (Tab 1)

7. The Notice of Meeting was sent to both Shareholders on 11 August 2016.

Agenda Item 2 - Minutes of the AGM held on 9 September 2015 (Tab 2)

8. The minutes of the AGM were approved and signed out of session.

The minutes are for noting by the Voting Shareholders.

Agenda Item 3 – ACT Auditor-General's Report (Tab 3)

9. This item deals with the ACT Auditor-General's Audit Close Report on the Financial Statements for the Icon Water Group for the year ending 30 June 2016. The Auditor-General has issued an unqualified audit opinion for Icon Water Limited, Icon Retail Investments Limited and Icon Distribution Investments Limited.
10. The Audit Close Report did not identify any significant shortcomings in the key risks identified in the Audit Strategy and all identified key risks had been satisfactorily addressed.
11. The Auditor advised that prior year audit findings were now resolved and no new audit findings had been identified for further attention.

Treasury recommends the Voting Shareholders accept the Auditor-General's Report.

Agenda Item 4 - Presentation of Icon Water Limited Annual Report and Accounts and Directors' Report 2015-16 (Tab 4)

12. Icon Water has provided a completed Annual Report for the AGM (Tab 4). Highlights of the Annual Report are as follows:

- The Chairman reported Icon had continued to provide high quality water and wastewater services with customer satisfaction at around 95 per cent, and a strong financial result for the year with a profit after tax of \$122.3 million compared to \$97.7 million in 2014-15 (Annual Report page 3).
- The outcome was mainly due to returns from the energy investment business with higher volumes and lower costs, and favourable results in the water and sewerage business due to increased consumption volumes and lower operating costs. The Government agreed to a one-off reduction in the dividend payable by \$42.3 million to assist Icon Water to maintain sustainable gearing levels. This resulted in a reduced dividend payout ratio of 64 per cent net profit after tax.
- Capital works and major infrastructure works are summarised on page 25 of the Annual Report. Significant work was done on the Lower Molonglo water quality control centre and replacement of sewer mains.
- Customer survey results about the Icon Water rebranding rollout were generally positive (Annual Report page 26).
- Icon Water launched its customer consultative program through a new community engagement forum, a think tank and customer surveys (Annual Report page 26).
- Impact of the appeal of the ICRC water pricing determination (Annual Report page 27).
- At 30 June 2015 Icon Water had 169,000 water and 168,000 sewerage customers (Annual Report page 8).
- Community engagement, major events and sponsorship expenditure was \$493,000 in 2015-16, \$496,000 in previous year (Annual Report pages 31 – 33).
- Board and Senior Executive Remuneration is shown at pages 18 - 19 of the Annual Report and pages 58 – 59 of the Financial Statements (there is only one redundancy).
- Staff remained near the same level as previous year with 385 FTE (Annual Report page 20 - 22).

Please note the Annual Report is under embargo until sent to the Speaker out of session on 13 October 2016 for circulation to members of the Legislative Assembly.

13. The Icon Water Financial Statements for 2015-16 commence at page 59 of the Annual Report (Tab 4a) and the Directors Report is at pages 2 - 9 (Tab 4b) of the Financial Statements for approval at the AGM. There are no issues that require comment.

14. A brief analysis of Icon Water's financial performance for the 2015-16 financial year is at Attachment B to this brief.
15. The Financial Statements for the Icon Water subsidiary companies *Icon Water Retail Limited* and *Icon Water Distribution Limited* (Tab 4c) and a summary of the ActewAGL Joint Venture financial statements (Tab 4d) start at page 61 of the Annual Report.

Treasury recommends the Voting Shareholders accept the Directors' Report and the Financial Statements as presented.

Agenda Item 5 - Declaration of Dividend 2015-16 (Tab 5)

16. The current dividend policy requires Icon Water to pay the Territory 100 per cent net profit after tax. In 2015-16, approval was given to exclude \$42.3 million (in gifted assets and a portion of the profit from ActewAGL) from the dividend resulting in a 64 per cent dividend payout ratio. These measures were applied to relieve Icon Water of the need to undertake more borrowings in order to meet the regular 100 per cent dividend requirement. It was also agreed to exclude gifted assets from the dividend payout in future years.
17. On finalisation of the end of year outcome the total dividend to be declared for 2015-16 is \$80.04 million. Eighty per cent of the forecast estimated outcome (ie \$60.378 million) was paid in 2015-16, leaving the balance of \$19,660,733 to be declared and paid in this financial year by 31 October 2016.

Treasury recommends the Voting Shareholders note and agree the declaration of the final dividend for the 2015-16 financial year of \$19,660,733 to be paid by 31 October 2016.

Agenda Item 7 - Other Business (no papers)

18. Icon Water has not advised of any issues to be raised under this item.

Consultation and Communication

19. Icon Water Limited.

Financial

20. Nil.

Management of Other Risks

21. Nil.

Under Treasurer Clearance:  1/3

Executive Clearance: Stuart Friend, A/g Executive Director, Expenditure Review Division

Action Officer: Tony Hays

Phone: 75062

31 August 2016



ACT

Government

Chief Minister, Treasury and
Economic Development

To: Chief Minister
Deputy Chief Minister

Subject: Icon Water Limited Annual General Meeting (AGM) – 7 September 2016

Critical date and reason

1. **2 September 2016.** To brief the Voting Shareholders for the AGM to be held at **3.30 pm on 7 September 2016** at the Icon Water Board Room on the 5th Floor, ActewAGL House, 40 Bunda Street, Canberra.

Recommendations

2. That in your capacity as Voting Shareholders you:

- a. note the minutes of the 9 September 2015 AGM at Tab 2;

NOTED/DISCUSS

Andrew Barr MLA...../ /

NOTED/DISCUSS

Simon Corbell MLA...../ /

7.9.16

- b. accept the report of the Auditor-General, together with the Directors' Report and the Financial Statements for 2015-16 at Tab 3 and Tab 4; and

AGREED/NOT AGREED/DISCUSS

Andrew Barr MLA...../ /

AGREED/NOT AGREED/DISCUSS

Simon Corbell MLA...../ /

7.9.16

- c. note and agree to the declaration of the final dividend for Icon Water of \$19,660,733 payable by 31 October 2016 in respect of the 2015-16 financial year (Tab 5).

AGREED/NOT AGREED/DISCUSS

Andrew Barr MLA...../ /

AGREED/NOT AGREED/DISCUSS

Simon Corbell MLA...../ /

7.9.16

Attachment B

Icon Water 2015-16 Financial Performance Summary (Tab 4a)

	Estimated Outcome (Budget) \$m	Actual 2015-16 \$m	Variation From Budget \$m	Actual 2014-15 \$m	Variation Actuals \$m
Revenue					
Water/Sewerage	315.228	308.424	(6.804)	290.569	17.855
JV	97.404	100.167	2.763	101.078	(0.911)
Other	43.596	41.702	(1.874)	30.177	11.525
Total Revenue	456.208	450.293	(5.915)	421.764	28.529
Less Expenses	287.019	277.340	9.679	281.442	(4.102)
Gross Operating Result	169.189	172.953	3.764	140.322	32.631
Less Tax Expense (1)	50.758	50.619	(0.139)	42.615	8.005
Net Profit After Tax (NPAT) (2)	118.431	122.334	3.903	97.707	24.627
Retained by Icon Water	42.260	42.295	0.035	3.792	38.503
Dividend Payable (3)	76.167	80.039	3.872	93.915	(13.276)
Changes in Net Equity	1,267.539	1,276.537	8.998	1,225.276	51.261

Explanations of Variations:

1. **Income Tax Equivalentents (ITE) \$50.6 million (Tab 4a page 6 and 13)**

ITE payments are \$8 million higher than the previous year reflecting greater operating profits. The 2015-16 result includes an increase in deferred tax liabilities of \$7.947 million mainly due to tax accounting treatments for redundancies and depreciation charges.

2. **Net Profit After Tax (NPAT) \$122.3 million (Tab 4a page 6 and 13)**

NPAT is up \$24.6 million from the previous year and \$3.9 million from budget. Gross revenue was up \$28.5 million from 2014-15 (\$5.9 million down on budget) and in the main resulted from increased revenue from higher water and sewerage profits (\$17.8 million) due to increased consumption volumes and greater revenue from Gifted Assets (\$14.6 million). Higher gross revenues were offset by lower operating costs (\$4.1 million) compared to the previous year.

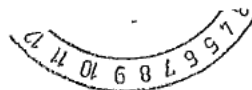
3. **Dividend to Government \$80.04 million (Tab 4a page 6 and 17)**

In 2015-16 the Government agreed to lower the dividend payment by \$42.3 million resulting in a payout ratio in 2015-16 of 64 per cent of NPAT to assist Icon Water to maintain sustainable gearing levels. This resulted in a net dividend of \$80.04 million which is \$3.9m higher than budget and \$13.9 million less than the previous year.



Treasury - for information

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12 September 2016

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

Mr Simon Corbell MLA
Deputy Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

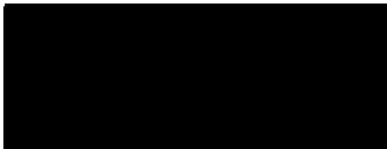
Dear Chief Minister *Andrew*

Dear Deputy Chief Minister *Simon*

I am pleased to provide the agenda and approved meeting minutes from Icon Water Limited's Board meeting no.238 held on 25 August 2016.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director

Board Meeting No. 238

Time/Date: 1.00pm Thursday 25 August 2016
 Venue: Icon Water Board room, level 5
 Address: ActewAGL House, 40 Bunda Street, Canberra ACT 2601



Status	Purpose	Participant/s
– Board meeting planner and calendar	information	Breaden
1 Apologies	noting	All
2 Directors disclosure	noting	All
3 Previous minutes	noting	All
4 Matters arising from previous minutes	noting	All
5 Out of session papers	noting	All
6 Shareholders correspondence	noting	Knox
7 Directors' annual declarations of personal details and interests	noting	Breaden
8 Risk and Assurance Committee update (oral)	noting	All
9 Shareholder meeting – update (oral)	noting	Easson
10 Managing Director's report	noting	Knox
11 Budget Estimates hearing – update	noting	Breaden
12 Strategic performance report and quarterly report to Shareholders	decision	Breaden
13 Appointment of ActewAGL Board members	noting	Breaden
14 Appointment of an alternate Company Secretary	decision	Breaden
15 Managing Director delegations and use of company seal	decision	Breaden/Pratt
16 Annual report to the ACT Government	decision	Breaden/Sachse
		Sachse [REDACTED]
		Knox [REDACTED]
19 Industry update	noting	Breaden [REDACTED]
20 Strategy progress report – work health and safety	noting	Breaden [REDACTED]
21 Asset Management and Maintenance System – update	noting	Spurrett/Lewry/Hezkial
22 Business performance report – Project Delivery, Operations and Maintenance	noting	Hezkial
23 Business performance report – Asset Management	noting	Lewry
24 Business performance report – Finance	noting	Sachse
25 Consolidated financial performance	noting	Sachse [REDACTED]
26 Business performance report – Business Services	noting	Breaden
27 Community Support Program	noting	Breaden [REDACTED]
28 Community Consultative Forum	noting	Breaden [REDACTED]
29 Business performance report – People and Performance	noting	[REDACTED]
30 Business performance report – Strategic Projects and Technology	noting	Spurrett
31 Business performance report – Regulatory Affairs and Pricing	noting	[REDACTED]

Next meeting

Meeting no. 239 at 12.00pm on Wednesday 7 September 2016
 Boardroom, Level 5, ActewAGL House, 40 Bunda Street, Canberra

Minutes Board Meeting No. 238

Date: Thursday 25 August 2016

Page: 1 of 7



Minutes of Meeting No. 238 of the Board of Directors of Icon Water Limited ABN 86 069 381 960, held on 25 August 2016, commencing at 12.55 pm and concluding at 4.20pm, in the Icon Water Boardroom Level 5, 40 Bunda St, Canberra, ACT 2600.

Present

Michael Easson	Chair
Wendy Caird	Deputy Chair
John Knox	Managing Director
Rachel Peck	Director
Jenny Goddard	Director
Allan Hawke	Director
Carol Lilley	Director
Tom Parry	Director

Jane Breden	Company Secretary and General Manager Business Services
[Redacted]	Executive Officer to Managing Director

Present part meeting

Sam Sachse	General Manager Finance
Amanda Lewry	General Manager Asset Management
Ray Hezkial	General Manager Project Delivery, Operations and Maintenance
[Redacted]	Manager Finance
[Redacted]	Manager Advisory
[Redacted]	Manager Legal Services
[Redacted]	Manager Environment and Sustainability
[Redacted]	Manager Safety
[Redacted]	Manager Customer and Community Affairs
[Redacted]	Director People and Performance, ActewAGL
[Redacted]	Manager, People Solutions, ActewAGL
[Redacted]	Director Regulatory Affairs, ActewAGL
[Redacted]	Principle Economist, ActewAGL

4523. Apologies 1

There were no apologies.

4524. Directors disclosure 2

[Redacted]

4525. Previous minutes 3

Regarding item no. 4561 Macquarie Perch management in the Cotter Dam, management advised that a copy of the response to Minister Corbell's letter will be included in the Shareholder letters provided at a future Board meeting.

Resolution

The Board approved the minutes of Meeting No. 237 of 15 June 2016.

[Redacted Signature]

Minutes Board Meeting No. 238

Date: Thursday 25 August 2016

Page: 2 of 7



4526. Matters arising from previous minutes 4

Resolution

The Board **noted** the matters arising report.

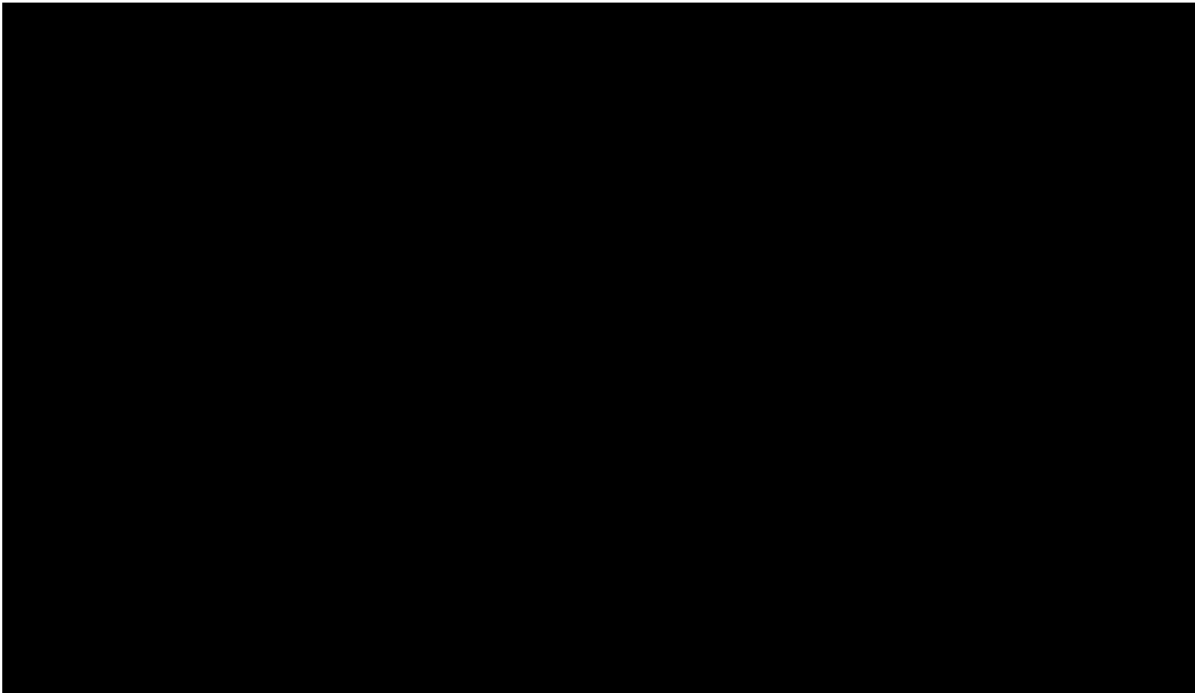
4527. Out of session papers 5

Resolution

The Board **noted** the out of session papers.

4528. Remuneration Committee meeting - update

The Chairman reported to the Board on the matters discussed at the Remuneration Committee meeting no.3-2016.



4529. Shareholders correspondence 6

Resolution

The Board **noted** the summary of correspondence between Icon Water and its Shareholders.

4530. Directors' annual declarations of personal details and interests 7

Resolution

The Board **noted** the annual declarations of interests provided by the Directors of Icon Water Limited.

4531. Risk and Assurance Committee update 8

Ms Lilley gave an overview of meeting no. 5 of the Risk and Assurance Committee (RAC) held prior to the Board meeting, highlighting the following:

Signed



Chair



Minutes Board Meeting No. 238

Date: Thursday 25 August 2016

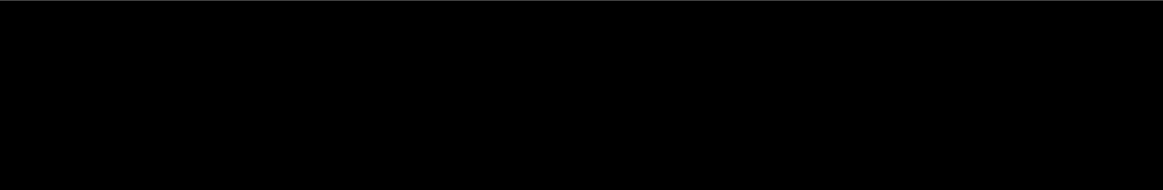
Page: 3 of 7

- The RAC held a meeting *in camera* with the external auditors, PwC (for the ACT Auditor General's Office).
- The external auditors were very complimentary of the finance team and the support they received from management.
- The Committee reviewed the financial reports for the year ending 30 June 2016 for Icon Water, its subsidiaries and the ActewAGL Joint Venture. A 'simplified' financial statements format has been adopted. The Icon Water financial reports include correction of the accounting treatment of carbon credits and disposal of the Cotter Precinct. The Icon Water Audit Close Report was presented with no new audit findings, uncorrected errors or other significant matters
- The Committee received a safety performance update.
- The Committee reviewed the Business Transformation Program control report and discussed issues around resourcing.

4532. Shareholder meeting – update 9

The Chairman provided an overview of the meeting with the Voting Shareholders held earlier in the day and attended by the Chair, Deputy Chair, Managing Director, General Manager Finance and the CEO ActewAGL (part discussion). The discussion included the following items:

- Minister Corbell was an apology.
- ActewAGL's debt facility.

- 
- Icon Water Annual General Meeting, noting the Shareholders raised no particular matters for discussion at the Annual General Meeting.
 - Publicity surrounding the ICRC's proposed rule change to a full economic efficiency price structure. The Board requested management discuss Icon Water's concerns around the timing of the proposed consultation period on the draft report with the ICRC

Action

Discuss Icon Water's concerns around the timing of the proposed consultation period on the draft report with the ICRC

4533. Managing Director's report 10

Resolution

The Board **noted** the Managing Director's report.

4534. Budget estimates hearing - update 11

Resolution

The Board **noted** the key themes raised at the 2016-17 Budget Estimates Committee hearings.

4535. Strategic performance report and quarterly report to Shareholders 12

Resolution

Minutes Board Meeting No. 238

Date: Thursday 25 August 2016

Page: 4 of 7



The Board:

- **noted** strategic performance outcomes for quarter four 2015-16
- **approved** the Statement of Corporate Intent (2015-16) Fourth Quarter Report to Shareholders – 1 April 2016 to 30 June 2016.



Resolution

The Board **noted** the arrangements for the appointment of ActewAGL Board members.

4537. Appointment of an alternative Company Secretary 14

Resolution

The Board **approved** the appointment of Ms Alison Pratt as deputy Company Secretary for Icon Water Limited.

4538. Managing Director delegations and use of company seal 15

Resolution

The Board **resolved to approve:**

- revocation of the Board resolution at paragraph no. 2 regarding the need to use the company seal made at Board meeting no. 7 on 1 September 1995
- the revised delegations for Icon Water's Managing Director. The revisions permit the Managing Director to sign deeds in accordance with his delegations and, in relation to real property transactions, require Board approval for all sales, all purchases over \$2,000,000 and all purchases which are not in the ordinary course of business.

4539. Annual report to the ACT Government 16

Resolution

The Board:

- **approved** the Icon Water Annual Report to the ACT Government 2015-16
- **resolved** that in the directors' opinion, the financial reports and notes of Icon Water and controlled entities:
 - comply with Australian Accounting Standards, the *Corporations Act 2001* and other requirements of the law
 - give a true and fair view of the financial position of Icon Water and controlled entities as at 30 June 2016 and of their performance, as represented by the results of their operations and cashflows, for the financial year ended on that date
- **resolved** that in the directors' opinion there are reasonable grounds to believe that Icon Water will be able to pay its debts as and when they become due and payable
- **approved** that the Directors' reports for Icon Water and controlled entities are signed by the Chairman and Managing Director, and the Directors' report for Icon Water also be signed by the Chair of the Risk and Assurance Committee

Signed



Chair

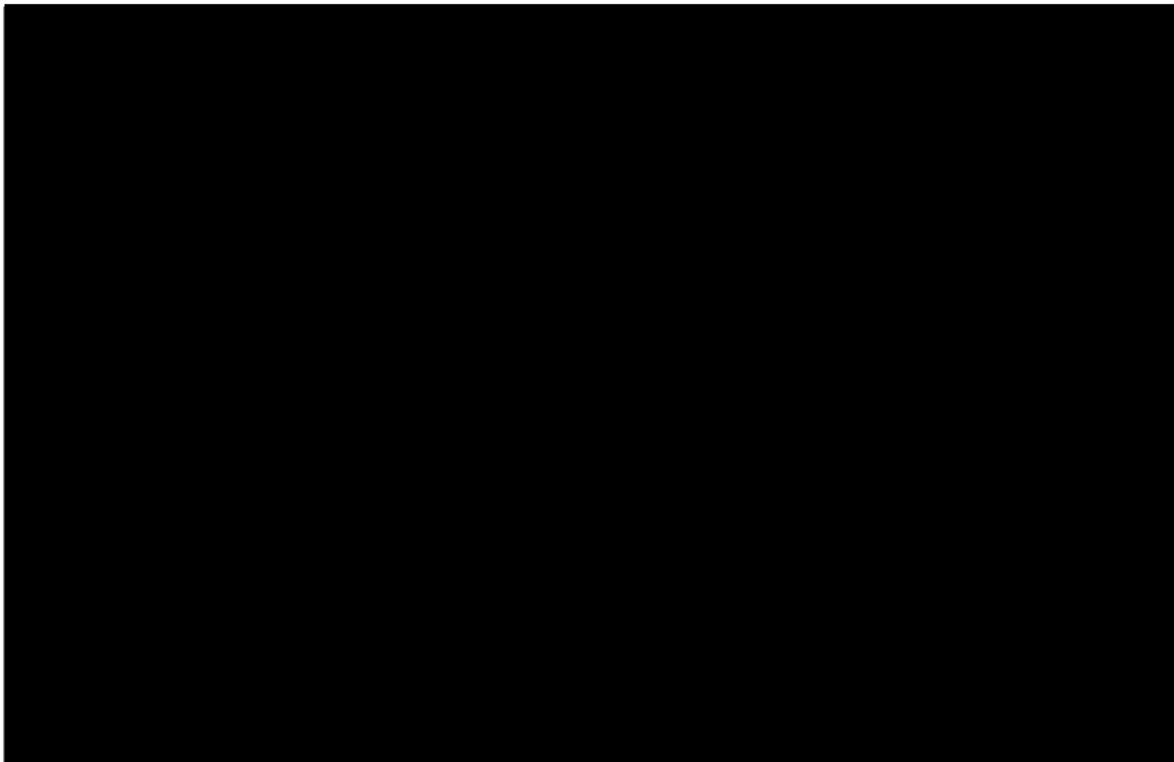
Minutes Board Meeting No. 238

Date: Thursday 25 August 2016

Page: 5 of 7



- **noted** that an interim dividend of \$60.4m was paid in June 2016 and a final dividend of \$19.6m will be declared for Voting Shareholder agreement at the Annual General Meeting on 7 September 2016.



4542. Industry update 19

Resolution

The Board **noted** current industry and integrated planning issues relevant to Icon Water.

4543. Strategy progress report – work health and safety 20

Resolution

The Board **noted** progress against the Work Health and Safety Strategy.

4544. Asset management and maintenance system update 21

The Board received an overview of the paper and in particular noted:

- management advised that Commonwealth ICT investment methodology is being applied to this project
- management assured the Board that independent probity and legal advice are applied
- management outlined the arrangements for backfilling staff seconded to the project.

Resolution

The Board **noted**:

- the progress of the Asset Management and Maintenance System project and the shortlisted vendors to enter the procurement process

Minutes Board Meeting No. 238

Date: Thursday 25 August 2016

Page: 6 of 7



- the high level descriptions and forecast completion dates associated with the acquisition of the new system
- the projected total cost to completion of a second-pass AMMS business case
- the budget of projects that are similar to the AMMS project in nature and anticipated scale.

4545. Business performance report – Project Delivery, Operations and Maintenance 22

Resolution

The Board **noted** the performance report of the Project Delivery, Operations and Maintenance Group.

4546. Business performance report – Asset Management 23

Resolution

The Board **noted** the performance outcomes for the Asset Management Group as at 31 July 2016.

4547. Business performance report - Finance 24

Resolution

The Board **noted** the current performance report of the Finance Group.

4548. Consolidated financial performance 25

Resolution

The Board **noted** the consolidated financial performance report for the period ended 31 July 2016.

4549. Business performance report – Business Services 26

Resolution

The Board **noted** the current performance of Business Services Group.

4550. Community support program 27

Resolution

The Board:

- **approved** removal of financial assistance to industry bodies from the Community Support Program (CSP)
- **noted** the CSP assessment guidelines that will be applied by management from 26 August 2016.
- **noted** the funding of direct and deliberate investment to further embed the Icon Water brand will not be included in the CSP.

4551. Community consultative forum 28

Resolution

The Board **noted** the operation to date of the Community Consultative Forum.

4552. Business performance report – People and Performance 29

Resolution

The Board **noted** the key People and Performance matters for the period 1 June 2016 to 31 July 2016.

Minutes Board Meeting No. 238

Date: Thursday 25 August 2016

Page: 7 of 7

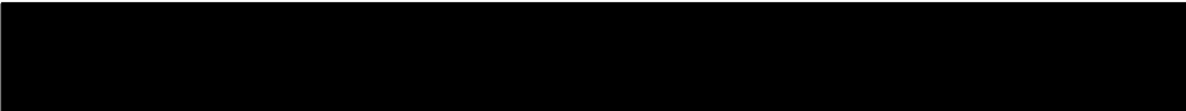


4553. Business performance report – Strategic Projects and Technology 30

Resolution

The Board **noted** current performance of the Strategic Projects and Technology Group.

4554. Business performance report – Regulatory Affairs and Pricing 31



Resolution

The Board **noted** developments in economic regulation of water and sewerage services in the ACT.

4555. Selling high security water entitlements – signing documents 32

Resolution

The Board **approved** the Managing Director and the Company Secretary to sign contracts and other documents associated with the sale of the high security water entitlements provided that sale is in accordance with the Board's approval at meeting no. 237 on 15 June 2016.

Meeting closed

Meeting closed at 4.20pm.

NEXT MEETING: Meeting no. 239 at 12.00 pm on Wednesday 7 September 2016 at ActewAGL House, 40 Bunda St Canberra ACT.

Signed



Chair



28 October 2016

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

Mr Simon Corbell MLA
 Deputy Chief Minister
 ACT Legislative Assembly
 London Circuit
CANBERRA ACT 2600

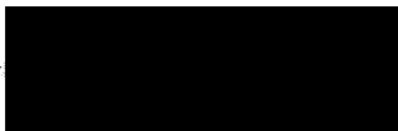
Richard
 Dear Chief Minister.

Simon
 Dear Deputy Chief Minister

I am pleased to provide the agenda and approved meeting minutes from Icon Water Limited's Board meeting no.239 held on 7 September 2016.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
 Managing Director

Board Meeting No. 239

Time/Date: 12.00pm Wednesday 7 September 2016

Venue: Icon Water Boardroom

Address: level 5, ActewAGL House, 40 Bunda Street, Canberra ACT 2601



Status	Purpose	Participant/s
Board meeting planner and calendar	<i>information</i>	<i>Breaden</i>
1 Apologies	<i>noting</i>	<i>All</i>
2 Directors disclosure	<i>noting</i>	<i>All</i>
3 Shareholders correspondence	<i>noting</i>	<i>Knox</i>
4 Board and Committee meeting schedule – 2017	<i>decision</i>	<i>Breaden</i>
5 Final dividend 2015–16	<i>decision</i>	<i>Sachse</i>
6 Engineering project approval – LMWQCC Solids Handling System Upgrade	<i>decision</i>	<i>Hezkial</i>
7 Strategy progress report – Economic Regulation	<i>noting</i>	[REDACTED]
8 Strategy progress report – ICT	<i>noting</i>	<i>Spurrett</i>
9 Business Transformation Project		<i>Spurrett</i>
10 AMMS business case	<i>decision</i>	<i>Hezkial/Spurrett</i>
11 Preparation of discussions with Shareholders for AGM	<i>(oral) discussion</i>	<i>All</i>

Suspension of Board Meeting

AGM – Icon Water Limited (ABN: 86 069 381 960) 3.30pm to 5.00pm, 7 September 2016
 Icon Water Board Room, Level 5 ActewAGL House, 40 Bunda Street, Canberra ACT 2600

- 1 Notice of Meeting
- 2 Minutes of the Annual General Meeting (9 September 2015)
- 3 ACT Auditor-General's Report
- 4 Presentation of Annual Report and Accounts and Directors' Report for 2015–16
- 5 Declaration of Final Dividend 2015–16
- 6 Other business

AGM – meeting closed**Board meeting reconvened**

- | | | | |
|----|--|-------------------|------------|
| 15 | Actions resulting from Shareholders AGM feedback | <i>discussion</i> | <i>All</i> |
|----|--|-------------------|------------|

Board meeting closed**Next meeting**

Meeting no. 240 at 2.00pm on Wednesday 16 November 2016
 Icon Water Limited, 12 Hoskins Street, Mitchell, Canberra

Minutes Board Meeting No. 239

Date: Wednesday 7 September 2016

Page: 1 of 4



Minutes of Meeting No. 239 of the Board of Directors of Icon Water Limited ABN 86 069 381 960, held on 7 September 2016, commencing at 12.10pm and concluding at 1.30pm, in the Icon Water Boardroom Level 5, 40 Bunda St, Canberra, ACT 2600.

Present

Michael Easson	Chair
Wendy Caird	Deputy Chair
John Knox	Managing Director
Rachel Peck	Director
Jenny Goddard	Director
Carol Lilley	Director
Tom Parry	Director

Jane Breaden [REDACTED]	Company Secretary and General Manager Business Services Executive Officer to Managing Director
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Present part meeting

Sam Sachse	General Manager Finance
Ray Hezkial	General Manager Project Delivery, Operations and Maintenance
Richard Spurrett	General Manager Strategic Projects and Technology
[REDACTED]	Director Regulatory Affairs, ActewAGL
[REDACTED]	Principal Economist, ActewAGL

Apology

Allan Hawke	Director
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4556. Apologies 1

The Board noted Dr Hawke's apology.

4557. Directors disclosure 2

There were no disclosures noted.

4558. Shareholders correspondence 3

Resolution

The Board noted the summary of correspondence between Icon Water and its Shareholders.

4559. Update on Board succession planning

On 10 August 2016 the Chairman communicated with Directors regarding the progress of Board Succession Planning and advised that the independent adviser [REDACTED], would arrange to interview all directors to determine a skills and experience matrix. Following receipt of [REDACTED] report, the Chair advised that he would circulate it and the outcome would be discussed at the next Board meeting.

4560. Board and Committee meeting schedule 4

Resolution

The Board approved the proposed planning and calendar schedule of Board and Committee meetings for 2017.

Minutes Board Meeting No. 239

Date: Wednesday 7 September 2016

Page: 2 of 4



4561. Final dividend 2015–16 5

Resolution

The Board **approved** the final dividend payment of \$19,660,733 for the year ended 30 June 2016 and proposed this to the Voting Shareholders for agreement at the Annual General Meeting on 7 September 2016.

4562. Engineering project approval – LMWQCC solids handling system upgrade 6

A high level overview of this matter was provided to the Board and was discussed at length.

The Board requested information on implications of waste to energy options in relation to the program of renewal at LMWQCC.

Action

Management to provide information at the next Board meeting on implications of waste to energy options in relation to the program of renewal at LMWQCC.

Resolution

The Board **approved** commencement of the Execution Stage works on Package 3 of the Lower Molonglo Water Quality Control Centre (LMWQCC) Solids Handling System Upgrade Project (CX10677-3) which encompasses a new sludge holding tank and ventilation system to the value of [REDACTED]

4563. Strategy progress report – economic regulation 7

The Board discussed progress against the Economic Regulation Strategy and the tariff review currently underway. Management confirmed that Icon Water's proposed response to the ICRC's tariff review will be provided to the Board at meeting no. 240 on 16 November 2016.

Action

Management to provide Icon Water's proposed response to the ICRC's tariff review to the next Board meeting.

Resolution

The Board **noted** the progress against the Economic Regulation Strategy.

4564. Strategy progress report – ICT 8

A comprehensive overview was provided to the Board.

The Board requested management report to the next Board meeting on whether Business Transformation Program (BTP) projects will be re-baselined to meet the revised first stage target state completion date which has been moved from June 2017 to June 2018.

Action

Management to provide information to the Board on whether BTP projects will be re-baselined to meet the first stage target state revised completion due date of 30 June 2018.

Resolution

The Board **noted** the progress against the Information, Communications and Technology (ICT) Strategy.

Minutes Board Meeting No. 239

Date: Wednesday 7 September 2016

Page: 3 of 4



4565. Business Transformation Project 9

Resolution

The Board noted:

- the objective and proposed funding of the Business Transformation Program (BTP)
- Icon Water's historical underinvestment in operational technology and the need to renew end of life systems
- further investments in operational technology will be required to align with the Enterprise Asset Management Strategy (EAM) and ISO 55001
- additional information communication and technology spend will be required above that allowed by the Industry Panel for the current regulatory period
- the expected BTP contribution to Icon Water's ongoing efforts to improve efficiency
- a further paper on BTP will be tabled at the next Board meeting in November 2016.

4566. Asset management and maintenance system project – first pass business case 10

A comprehensive overview of this project was provided to the Board. Ms Peck advised that management had provided two separate briefings (prior to the Board meeting), attended also by Ms Lilley, Ms Caird, Dr Parry and Ms Goddard. The meetings provided attendees with an opportunity to ask questions arising from their review of the first pass business case.

Following discussion of various aspects, the Board requested management obtain independent assurance on the AMMS project business case and provide that to the Board with the *Second Pass Business Case*.

The Board commended the quality of AMMS project's first pass business case.

Action

Management to obtain independent assurance on the AMMS project business case and provide that to the Board with the *Second Pass Business Case*.

Resolution

The Board noted:

- the case for change and options analysis recommending a full renewal of Icon Water's work and asset management system
- the project budget for similar renewal projects and broad whole-of-life costs for a replacement product
- forecast additional expenditure of \$200,000 to complete a second-pass business case
- the recommended replacement system implementation approach
- full approval will be sought from the Board as part of the second pass business case in November 2016.

The Board approved the recommended option to renew current systems with a commercial off-the-shelf asset management and maintenance system.

Minutes Board Meeting No. 239

Date: Wednesday 7 September 2016

Page: 4 of 4



4567. Preparation of discussions with Shareholders for the Annual General Meeting 11

The Board discussed key matters for tabling at the Annual General Meeting (AGM).

Meeting adjourned

Meeting adjourned at 1.30pm for a break period and the commencement of the Icon Water Annual General Meeting at 3.30pm.

4568. Actions resulting from Shareholders AGM feedback

The Voting Shareholders and the Board discussed issues surrounding the impact of the decision of the Australian Energy Regulator and its effect on the maintenance and reliability of ActewAGL's electricity network.

Action

The Deputy Chief Minister requested data on ActewAGL's performance against applicable operational and safety standards.

Meeting reconvened

The Board meeting reconvened at 3.40pm.

During the break period the minutes of the following meetings were circulated to the Board:

- Icon Water Board Meeting No. 238 of 25 August 2016
Icon Water Remuneration Committee Meeting No. 3-2016 of 25 August 2016
Icon Distribution Investments Limited No. 52 of 25 August 2016
Icon Retail Investments Limited No. 67 of 25 August 2016

Resolution

The Board approved the minutes of the following meetings:

- Icon Water Board Meeting No. 238 of 25 August 2016
Icon Water Remuneration Committee Meeting No. 3-2016 of 25 August 2016
Icon Distribution Investments Limited No. 52 of 25 August 2016
Icon Retail Investments Limited No. 67 of 25 August 2016

Meeting closed

Meeting closed at 3.45pm.

NEXT MEETING: Meeting no. 240 at 1.00pm on Wednesday 16 November 2016 in the conference room, Icon Water, 12 Hoskins Street, Mitchell.



23 November 2016

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

Mr Mick Gentleman MLA
Minister for the Environment and Heritage
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Dear Chief Minister *Andrew*

Dear Minister *Mick*

I am pleased to provide Icon Water Limited's (Icon Water) first quarter 2016–17 report recently approved by the Icon Water Board at its meeting on 16 November 2016.

The attached report provides a summary for the quarter 1 July to 30 September 2016 against the 2016–17 activities outlined in the Icon Water 2016-17 to 2019-20 Statement of Corporate Intent.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director



**Statement of Corporate Intent
First Quarter Report to Shareholders
1 July 2016 to 30 September 2016**

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1 Overview

The 2016–17 to 2019–20 Statement of Corporate Intent (2016–17 SCI) details the four strategies Icon Water Limited (Icon Water) will pursue to achieve its objectives under the *Territory-owned Corporations Act 1990* (TOC Act) and its four strategic objectives.

Under the TOC Act, Icon Water has four main objectives:

- **Efficiency:** operate at least as efficiently as any comparable business.
- **Sustainable return:** maximise the sustainable return to our shareholders on the investment in ACTEW (now named Icon Water Limited).
- **Social responsibility:** 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.
- **Ecologically sustainable development:** effective integration of environmental and economic considerations in decision-making processes.

The 2016–17 SCI identifies the four strategic objectives over the period 2016–17 to 2019–20 as:

- **People** – a culture that protects, engages and develops our people.
- **Asset Management** – excellence in asset management.
- **Customer** – meeting customer needs, exceeding customer expectations.
- **Financial** – sustainable financial returns and gearing.

The 2016–17 SCI outlines the four strategies relating to the above strategic objectives as well as performance measures and targets to enable monitoring and reporting against achievement of these objectives.

The following pages provide outcomes for the first quarter, 1 July 2016 to 30 September 2016 against key activities for 2016–17 contained in the 2016–17 SCI.

2 People strategy

2.1 2016–17 key activities

Key activities for 2016–17 include:

- Commence a safety engagement program to engender a belief amongst all staff that all safety incidents are preventable.
- Continue implementation of a Just Culture framework.
- Commence a program to reduce musculoskeletal injuries.
- Deliver unconscious bias training to Executives, Managers and Team Leaders.
- Develop a leadership capability framework for Executives, Managers and Team Leaders.
- Conduct an employee engagement survey.

2.2 Quarter 1 outcomes

Work health and safety strategy

- The safety engagement program aims to create a shared belief across the organisation that all incidents are preventable. A pilot program was conducted on 14 and 15 July 2016 involving 16 employees including the Managing Director. Feedback from participants was very positive and twenty one programs have been scheduled for the financial year, commencing in September 2016.
- The mental health initiative aims to ensure Icon Water provides a mentally healthy workplace which encourages openness about mental health issues and supports staff with mental health conditions. During the quarter four presentations were delivered to staff that aimed to reduce the stigma associated with mental health. In addition an online mental health survey was conducted and three focus groups involving 41 employees completed. The report from the survey and focus groups has now been received and the results and additional initiatives will be communicated to staff in October and November 2016.

People strategy

- A support package for employees who are victims of domestic violence was implemented, including extra leave, an alternative confidential reporting channel and the development of workplace safety plans as required.
- A comprehensive training review was completed to ensure organisation-wide training is fully effective, supports the delivery of corporate strategies and is aligned to personal employee development plans.
- A leadership capability framework has been developed which is designed to establish a common and consistent language on required leadership capabilities and to ensure that all leaders understand the behaviours and attributes expected of them when leading their teams.
- An online training program has been implemented offering all employees the opportunity to complete professional development modules on a range of topics including Microsoft products, leadership and change management.

3 Asset management strategy

3.1 2016–17 key activities

- Finalise the projects to document all asset management processes to leverage the international standard on asset management (ISO 55001:2014 *Asset Management – Management Systems - Requirements*).
- Finalise the revision of all costed maintenance plans that link to stakeholder objectives.
- Commence the Asset Maintenance Management System (AMMS) project to provide information technology solutions to better understand and enhance our use of asset data to inform consistent asset management decisions.
- Develop asset planning analytics and predictive modelling tools to further optimise asset management decisions.
- Provide updated Asset Management Plans and a robust pricing submission to the economic regulator.

3.2 Quarter 1 outcomes

- The IMS Project that documents all asset management processes is progressing well. Project Delivery Operations and Maintenance (PDOM) Group has completed approximately 30% of the documentation describing its target state and Asset Management (AM) Group is now reviewing the Business Activity Maps that were developed in 2015 to ensure activity levels are consistent. PDOM and AM Group continue to work together to identify process touchpoints and potential overlaps.
- Development of costed maintenance plans progressed, being well supported within the Asset Management, Maintenances and Operations groups. The Maintenance Requirements Analysis (MRA) process involves two high level components – the development of maintenance strategies for assets and the detailed development of component maintenance plans. Maintenance strategies have been developed for 15% of assets, while a resourcing plan has now been finalised for the detailed maintenance plans. Development of detailed maintenance plans will commence in mid-November 2016.
- The AMMS project is currently at Phase 3 involving the selection of the appropriate product.
- Development of the asset planning and predictive modelling tools (APAS) has commenced.
- Updating of asset management plans, to feed into a robust pricing submission to the economic regulator, has continued. Internal stakeholder engagement and detailed planning is now complete. The next milestone is the completion of draft asset management plans (AMPS) by December 2016.

4 Customer strategy

4.1 2016–17 key activities

- Commence the customer CARE program.
- Launch the “Talking Icon Water” customer engagement program, including the introduction of a community consultative forum.
- Continue to realign the Community Support Program to our new brand.
- Refine our technology to provide contemporary self-service channels for seamless customer service.

4.2 Quarter 1 outcomes

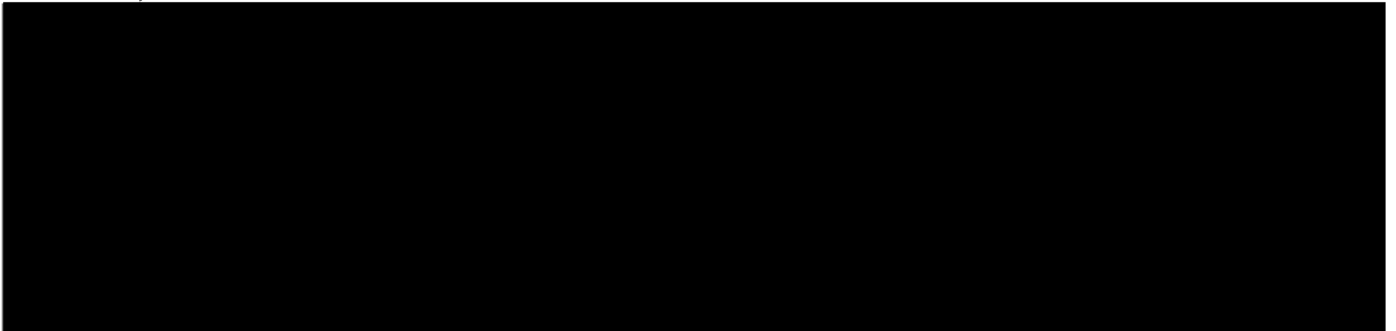
- The ‘Talking Icon Water’ program is a multi-pronged approach to community engagement. The program consists of traditional surveys and focus groups, a ‘Think Tank’ and a community consultative forum. During the quarter, three fora were held, the ‘Think Tank’ was used to gauge the community’s willingness to pay for various services and a traditional survey was used for market research.
- Icon Water’s community consultative forum convened three times this quarter. This forum is an advisory body of fourteen members who are representative of our community. It provides an opportunity for Icon Water to speak directly with the community to understand community values and most importantly, to help inform future planning for our business.
- A realignment of the Community Support Program commenced with a refresh of the assessment guidelines to better reflect corporate values and corporate vision. The guidelines were developed in consultation with a number of our long-term community partners to ensure we created a seamless application process, set transparent expectations and continued to provide an equitable distribution of support to the Canberra community.

5 Financial strategy

5.1 2016–17 key activities

- Continue to define the efficiency opportunities within Icon Water and the program of works required to realise the benefits.
- Continue with the introduction of a debt program for ActewAGL Distribution.

5.2 Quarter 1 outcomes



6 Key service delivery targets

Key Service Delivery Targets were set by Icon Water against industry standards used by comparable utilities. The targets were selected from a range of measures included in the National Performance Report to the Bureau of Meteorology. Table 1 (over page) details performance against the key service delivery targets. For the first quarter, Icon Water met 19 out of the 21 targets with water service complaints above the target for the quarter and the percent of effluent recycled slightly below the target.

Table 1. Key service delivery targets – 2016–17 Results

Service delivery measures		Target 2016-17	1st Quarter Results
Water			
Quality	Compliance with routine monitoring against the Public Health (Drinking Water) Code of Practice 2007 (ACT) (%)	100	99.53
	Number of zones where drinking water microbiological compliance is achieved (%)	100	100
Reliable supply	Water main breaks (per 100km of water main)	20-25	2.77
	Average duration of an unplanned interruption – water (minutes)	111-150	127.97
	Frequency of unplanned interruption – water (per 1000 properties)	63-127	20.53
	Real losses (litres/service connection/day)	59-73	50
	Water volume ¹ to meet demand (ML/day)	140-300	105.34
Sewerage			
	Sewerage mains breaks and chokes (per 100km sewer main)	40-66	14.36
	Property connection sewer breaks and chokes (per 1000 properties)	8-15	3.28
	Average sewerage interruption (minutes)	37-44	33.53
Customer satisfaction			
	Water quality complaints (per 1000 properties)	0.9-2.0	0.32
	Water service complaints (per 1000 properties)	1.0-2.0	0.75
	Sewerage service complaints (per 1000 properties)	1.0-2.0	0.26
	Billing and account complaints – water and sewerage (per 1000 properties)	0.1-1.5	0.15
	Total water and sewerage complaints (per 1000 properties)	3.5-5.0	1.43
Environment and sustainability			
	Compliance with environmental flow requirements, licence requirements and environmental authorisations (%)	100	100
	Net greenhouse gas emissions (net CO ₂ equivalent per 1000 connected water properties)	<257 ²	62
	Sustainability infrastructure scorecard is incorporated into all capital projects over \$50,000	100%	100
	Operational resource use and waste reduction ³	TBD ³	
	- generation of waste (tonnes)		1,747
	- paper use (ream)		863
	- water use (kL)		48,507
	Percentage of biosolids reused (%) ⁴	100	100
	Recycled water (percent of effluent recycled)	11-13	10.73

¹ Volume is the total production by the water treatment plants and supply through the water supply system.

² Representing a reduction year on year.

³ Operational resource use refers to consumption of chemicals, water, paper and generation of waste.

⁴ Percentage of biosolids reused may be greater than 100% if a utility is reusing stockpiles of biosolids.



2 December 2016

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

Mr Mick Gentleman MLA
 Minister for the Environment and Heritage
 ACT Legislative Assembly
 London Circuit
 CANBERRA ACT 2600

Dear Chief Minister *Andrew*

Dear Minister *Mick*

Please find attached the draft minutes from the Icon Water Limited (Icon Water) Annual General Meeting (AGM) held on Wednesday 7 September 2016.

If you are in agreement with the AGM minutes as an accurate record of proceedings, would the Chief Minister please sign each page of the minutes, where indicated. I will then arrange for the Icon Water Chair to co-sign the minutes.

At the AGM we also discussed under the item 'Other Business', issues surrounding the impact of the decision of the Australian Energy Regulator (AER) and its effect on the maintenance and reliability of ActewAGL's electricity network. The former Deputy Chief Minister requested data on ActewAGL's performance against applicable operational and safety standards.

We sought advice from ActewAGL and provide the following information on the basis that it is not for circulation as it is commercially sensitive (*note: this information is not publicly available and certain components of the AER final decision are currently under judicial review*):





If you have any questions concerning the minutes or the above information, please do not hesitate to contact me.

Yours sincerely



Mr John Knox
Managing Director

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Annual General Meeting No. 22

Date: Wednesday, 7 September 2016

Page: 1 of 2



Minutes of Annual General Meeting number 22 of Members of Icon Water Limited ABN 86 069 381 960 held on 7 September 2016 commencing at 3.30 pm and concluding at 3.40 pm in the Board Room, Level 5 ActewAGL House, 40 Bunda Street, Canberra ACT 2600.

Present

Voting Shareholders

Andrew Barr MLA	Chief Minister
Simon Corbell MLA	Deputy Chief Minister

Attendees

Michael Easson	Chair
Wendy Caird	Deputy Chair
John Knox	Managing Director
Rachel Peck	Director
Jenny Goddard	Director
Carol Lilley	Director
Tom Parry	Director

David Nicol	Under Treasurer
Jamie Driscoll	Chief of Staff to the ACT Chief Minister

Sam Sachse	General Manager Finance
Jane Breaden	Company Secretary and General Manager Business Services
	Executive Officer to Managing Director

Present part meeting

Maxine Cooper	ACT Auditor-General
Bernie Sheville	ACT Auditor-General's Office

Apologies

Allan Hawke	Director
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Meeting open

Dr Easson opened the Annual General Meeting and welcomed the Chief Minister, the Deputy Chief Minister, the Under Treasurer Mr Nicol and the Chief Minister's Chief of Staff Mr Driscoll and Dr Maxine Cooper and Mr Bernie Sheville of the ACT Audit Office.

Dr Easson noted the apology for Dr Hawke.

1. Notice of meeting

The Notice of Meeting issued on 11 August 2016 was **noted** and taken as read.

2. Minutes of the Annual General Meeting held on 9 September 2015

The draft minutes of the Annual General Meeting number 21 held on 9 September 2015 were **confirmed** by the Voting Shareholders as correct.

Annual General Meeting No. 22

Date: Wednesday, 7 September 2016

Page: 2 of 2



3. ACT Auditor-General's Report

Dr Cooper expressed her thanks to Icon Water for being professional, open and responsive during the audit of the Icon Water group's financial statements for the year ended 30 June 2016.

Dr Cooper confirmed the unqualified approval of the financial statements and advised the meeting that one issue mentioned in the Audit Close Report, remaining from the 2014-15 Report, item 5.5.1 *Assets contributed from private developers*, has been remedied.

Dr Cooper thanked ACT Audit Office's contract auditor PwC for its contribution to this year's audit.

The Voting Shareholders **noted** the Auditor-General's report.

Dr Easson thanked Dr Cooper and Mr Sheville for their attendance and they left the meeting.

4. Presentation of Annual Report and Accounts and Directors' Report for 2015-16

The Voting Shareholders **confirmed** receipt and acceptance of the Annual Report and Accounts and Directors Report for 2015-16, noting it is under embargo until it is tabled in the ACT Legislative Assembly.

5. Declaration of Final Dividend 2015-16

The Voting Shareholders **noted** and **agreed** to the declaration of the final dividend for Icon Water of \$19,660,773 payable by 31 October 2016, in respect of the 2015-16 financial year.

6. Other business

ActewAGL

The Voting Shareholders and the Board discussed issues surrounding the impact of the decision of the Australian Energy Regulator and its effect on the maintenance and reliability of ActewAGL's electricity network.

The Deputy Chief Minister requested data on ActewAGL's performance against applicable operational and safety standards.

Meeting closed

Dr Easson thanked the Chief Minister and the Deputy Chief Minister and staff for their attendance and the Annual General Meeting was closed at 3.40 pm.



15 December 2016

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

Mr Mick Gentleman MLA
Minister for the Environment and Heritage
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Dear Chief Minister

Dear Minister

I am writing to advise you of changes to Icon Water Limited's (Icon Water) subsidiary company constitutions and to seek approval for the appointment of additional directors to the Boards of the subsidiary companies. These matters were approved by the Icon Water Board on 14 December 2016.

The subsidiary constitution changes and appointment of additional directors to Icon Water's subsidiary boards, aligns with our previous communiques where the intention is to enhance Icon Water's management of its energy investment.

The IDIL and IRIL Boards currently consist of four Icon Water Board Directors and this has assisted in creating stronger linkages between the Icon Water and ActewAGL Partnerships Boards. However, given the increasing challenges in the energy sector and the ongoing importance of the energy investment, we intend to have all Icon Water Board Directors on the two subsidiary boards.

Amendment of constitutions

Under section 136 of the *Corporations Act 2001*, it highlights that a company's constitution can be amended by the member/s of the company passing a special resolution under Corporations law. Please therefore find attached two special resolutions changing the company constitutions for Icon Distribution Investments Limited (IDIL) and Icon Retail Investments Limited (IRIL). Amendments to the subsidiary company constitutions include:

- changing the number of directors to allow for between four and eight directors on the IDIL and IRIL Boards and changing the quorum requirements to align with the Icon Water Board
- providing for notifications to be sent by courier, hand delivery and electronic mail in addition to the current modes of post and facsimile in several clauses
- removal of redundant terminology such as telegrams and other administrative amendments.

Under sub-section 9(2) of the *Territory-owned Corporations Act 1990*, a statement summarising any change to the company constitution must be presented to the ACT Legislative Assembly within 15 sitting days of the change. For your information, I have also attached copies of the final subsidiary company constitutions incorporating the changes.

Appointment of directors

The Icon Water Board resolved at its meeting on 14 December 2016 to seek your agreement to appoint Ms Carol Lilley, Dr Thomas Parry AM and Ms Jennifer Goddard as directors to IDIL and IRIL. I therefore seek your consent to these subsidiary board appointments.

I note that you are required to consult with the ACT Legislative Assembly's Public Accounts Committee before consenting to these appointments.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director

Icon Distribution Investments Limited ACN 073 025 224

Special Resolution of sole member under section 249B(1) of the *Corporations Act 2001* to change the company Constitution

1. Icon Water Limited (ACN 069 381 960), as a sole member/shareholder of Icon Distribution Investments Limited (IDIL), resolves to change the IDIL company Constitution (the Constitution) as shown in the attached Constitution (in track changes).

In summary, the Constitution has been amended to increase the minimum and maximum number of directors, modernise the language and tidy up typographical errors as follows:

- (a) Amending the definition of 'Specified Number' in clause 1.1 to change the quorum for director's meetings to five while the number of Directors in office is eight, four while the number of Directors in office is six or seven, and otherwise three, in order to align with the Icon Water Limited Board.
- (b) Amending clause 8.1 'Number of Directors' to allow for up to eight Directors (with a minimum of four Directors) on the IDIL Board.
- (c) Providing for notifications to be sent by courier, hand delivery and electronic mail in addition to the current modes of post and facsimile in clauses 1.2(d), 1.7 and 21.
- (d) Removal of references to redundant technology such as telegrams in clause 1.2(d).
- (e) Minor administrative changes including:
 - (i) substituting references to 'articles' with the term 'clauses'
 - (ii) capitalising the term 'voting shareholders' throughout the constitution
 - (iii) replacing the term 'to' with 'do' in clause 1.6
 - (iv) correcting sub-paragraph numbering in the subclauses of clauses 19 and 21.

Signed for Icon Water Limited (ACN: 069 381 960)
by a representative appointed under section 250D
of the *Corporations Act 2001*:

Date 15/12/2016.

Signed

Name John Knox, Managing Director

Corporations Act

Constitution

of

Icon Distribution Investments Limited
ACN 073 025 224

a company limited by shares

(as amended to reflect changes made 15 December 2016)

Corporations Act

Constitution

of

Icon Distribution Investments Limited
ACN 073 025 224

a company limited by shares

1 Preliminary

Definitions

- 1.1 The following words have these meanings in this Constitution unless the contrary intention appears.

ACT Self-Government Act means the *Australian Capital Territory (Self-Government) Act 1988* of the Commonwealth.

Alternate Director means a person appointed as alternate director under clause 14.

Auditor means the auditor for the time being of the Company.

Chair means the chair of the board of directors of the Company and **Deputy Chair** means the deputy chair of the board.

Charge includes a mortgage.

Chief Minister means the Chief Minister for the Territory elected under section 40 of the ACT Self-Government Act.

Committee and **Committee of Directors** mean any Director or Directors acting as a committee of Directors.

Company means Icon Distribution Investments Limited.

Constitution means this Constitution as amended from time to time.

Corporations Law means the *Corporations Act 2001* (Cth).

Director means a director of the Company, and where appropriate includes an Alternate Director.

Directors means all or some of the Directors acting as a board.

Executive Director means a person appointed as executive director under clause 13.

Icon Water means Icon Water Limited.

Icon Water's Statement of Corporate Intent (and any subsequent approved modification thereof) means the current statement prepared in relation to Icon Water, or in relation to Icon Water and one or more subsidiaries, pursuant to section 19(2)(d) of the Territory-owned Corporations Act, as modified from time to time in accordance with that Act.

Legislative Assembly means the Legislative Assembly for the Territory established by section 8 of the ACT Self-Government Act.

Managing Director means a person appointed as managing director under clause 13, and where appropriate includes an assistant managing director or an acting managing director.

Minister means the Chief Minister or a Minister appointed under section 41 of the ACT Self-Government Act.

Paid, in relation to Shares and capital, includes credited as paid.

Register means the register of holders of Shares kept in accordance with the Corporations Law, and where appropriate includes a branch register.

Registered Office means the registered office for the time being of the Company.

Related Body Corporate and **Subsidiary** have the same meanings as in the Corporations Law.

Seal includes the common seal of the Company and any duplicate common seal of the Company.

Secretary means a person appointed as a secretary of the Company, and where appropriate includes an acting secretary and a person appointed by the Directors to perform all or any of the duties of a secretary of the Company.

Share means an issued share of the Company.

Specified Number means five while the number of Directors in office is eight, four while the number of Directors in office is six or seven, and otherwise three.

Territory has the same meaning as in the ACT Self-Government Act.

Territory-owned Corporations Act means the *Territory-owned Corporations Act 1990* of the Territory.

Voting Shareholders means the persons who from time to time hold one or more shares in Icon Water that confer the right to vote at general meetings of Icon Water.

Interpretation

- 1.2 In this Constitution unless the contrary intention appears:
- (a) the word **person** includes a firm, a body corporate, an unincorporated association or an authority;
 - (b) the singular includes the plural and vice versa;
 - (c) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
 - (d) a reference to writing includes typewriting, printing, facsimile, electronic mail and other modes of representing or reproducing words in a visible form;
 - (e) a reference to a section is a reference to a section of the Corporations Law; and
 - (f) a reference to the Corporations Law or to a provision of the Corporations Law, means the Corporations Law or that provision as amended from time to time, or any statute, code or provision enacted in its place, whether by the Australian Capital Territory or the Commonwealth of Australia, and includes regulations and other instruments under it.
- 1.3 Headings are inserted for convenience and do not affect the interpretation of this Constitution.
- 1.4 Powers conferred on the Company, the Directors, a Committee of Directors, a Director or a holder of Shares may be exercised at any time and from time to time.
- 1.5 **Including, includes and in particular** do not limit the generality of the subject matter which precedes them or to which they refer.

Replaceable rules

- 1.6 The provisions of the Corporations Law that apply as replaceable rules are displaced by this Constitution and accordingly do not apply to the Company.

Notice from Icon Water

- 1.7 Icon Water may exercise a power or give its consent for a purpose under this Constitution by notice in writing, either under its common seal or signed by any two of its directors,

delivered to or sent by facsimile or electronic mail addressed to the Company at the Registered Office or any business office of the Company and marked for the attention of the Chair or the Secretary.

2 Objects

The objects for which the Company is established are to:

- (a) plan, design, construct and operate or manage the operation of distribution networks and facilities providing energy including gas and electricity;
- (b) plan, design, construct and operate or manage the operation of electricity generation facilities;
- (c) own electricity and gas distribution networks and related facilities;
- (d) undertake related businesses, including System Control and Data Acquisition, call centres and ancillary businesses, provide training in matters including but not limited to confined space training, working at a height and rescue at a height, provide computing services, and financial and accounting services;
- (e) manage property and vehicle fleets and perform stores functions including acquisition, handling and storage;
- (f) enter into a partnership or other form of joint venture to achieve its objects; and
- (g) undertake any other related business or activity which may be undertaken by a natural person.

3 Shares

Issue of Shares and grant of options

3.1 Subject to the Corporations Law, this Constitution, any special rights conferred on the holders of any Shares or class of Shares and the prior consent of Icon Water:

- (a) the issue of Shares is under the control of the Directors;
- (b) the Directors may allot or otherwise dispose of them with such preferred, deferred or other rights and subject to such restrictions as to dividends, voting, return of capital, payment of calls or otherwise on such terms as they think fit; and

- (c) the Directors may grant an option over Shares during such time and for such consideration as they think fit,

but, with the exception of the Shares held by the subscribers to this Constitution on the Company's incorporation, no Share or Shares or option over a Share or Shares may be issued or granted to a person other than Icon Water.

Preference Shares

- 3.2 The Company may not issue any preference Shares nor may any issued Shares be converted into preference Shares.

Shares held by Minister

- 3.3 A Minister ceases to be eligible to hold Shares in the Company on ceasing to be a Minister, and may then exercise no right as a holder of Shares (except to transfer their Shares as directed by the Chief Minister, which they must do on receipt of that direction).

4 Transfer of shares

Registration

- 4.1 A transfer of Shares must not be registered unless there has been lodged with the Company a proper instrument of transfer duly stamped if necessary, executed by the transferor (subject to clause 4.8) and the transferee.
- 4.2 In the case of a transfer of partly paid Shares the transfer may not be registered unless it is endorsed by, or accompanied by an instrument executed by, the transferee to the effect that the transferee agrees to accept the Shares subject to the terms on which the transferor held them and to be bound by this Constitution.
- 4.3 Subject to clause 3.3, the transferor remains the holder of the Shares for all purposes until the name of the transferee is entered in the Register.

Instruments of transfer

- 4.4 Subject to any applicable law an instrument of transfer must be in a usual or common form or in any other form acceptable to the Directors and must be delivered to the Company for registration accompanied by the certificate for the Shares to be transferred.

Restrictions on transfer

- 4.5 Subject to clause 4.8, the Directors may not register any transfer of Shares.
- 4.6 If the Directors refuse to register a transfer, they must send notice of the refusal to the transferee within two months from the date on which the transfer was lodged with the Company.

Consent of Voting Shareholders

- 4.7 Shares may not be issued or transferred unless the Voting Shareholders have consented in writing.

Chief Minister's power to transfer

- 4.8 The Chief Minister may execute a transfer of an issued Share whether or not the holder of the Share consents and, in the case of a person who, at the time of becoming a shareholder in the Company, was a Minister, whether or not the person still holds office as a Minister, and the Company must register a transfer signed by the Chief Minister that is accompanied by a declaration that the signature of the transferor cannot readily be obtained.

5 Share capital

The Company may deal with its Share capital in any manner authorised by law.

6 Borrowing powers

The Directors may, subject to the provisions of the Territory-owned Corporations Act, exercise all the Company's powers to borrow and raise money and secure any debts, liabilities, contracts or obligations incurred or undertaken by the Company in such manner and on such terms as they think fit.

7 General meetings

Where:

- (a) all Shares are held by Icon Water; and
- (b) a resolution is signed under section 249B by a representative of Icon Water authorised under section 250D stating that any act, matter or thing, or any ordinary or special resolution, required by the Corporations Law or by this Constitution to be made, performed or passed by or at a general meeting of the Company has been made, performed or passed,

then that act, matter, thing or resolution shall, for all purposes, have been duly made, performed or passed by or at a general meeting of the Company.

8 Directors

Number of Directors

- 8.1 The number of Directors must not be less than four nor, until otherwise determined by Icon Water, more than eight.

No share qualification

- 8.2 A Director does not require a share qualification.

Appointment

- 8.3 Subject to clause 8.6, Icon Water may by notice to the Company appoint a person as a Director either to fill a casual vacancy or as an additional Director.
- 8.4 Each person holding office as a Director at the date on which this Constitution comes into operation or, if there are no persons so holding office on that date, each person previously nominated in writing by Icon Water is to be deemed appointed by Icon Water under article 8.3.
- 8.5 Subject to clause 8.6, the Directors may appoint a person as a Director to fill a casual vacancy.

Consent of Voting Shareholders

- 8.6 A person may not be appointed as a Director unless the Voting Shareholders consent to the appointment.

Removal

- 8.7 Icon Water may by notice to the Company remove any Director from office.

Casual vacancy

- 8.8 Where:
- (a) an appointment referred to in section 12(3) of the Territory-owned Corporations Act is made; and
 - (b) the Voting Shareholders have not complied with section 12(2) of the Territory-owned Corporations Act;
- the Director appointed holds office:
- (c) until the expiry of a period of 90 days from the day of appointment; or
 - (d) until the Director ceases to hold office for any other reason;
- whichever first occurs.

9 Remuneration and expenses

- 9.1 A Director is entitled to be paid out of the funds of the Company as remuneration for services as a Director such sum accruing from day to day as Icon Water determines.
- 9.2 If a Director, at the request of the Directors, performs additional or special duties for the Company, the Company may remunerate that Director by payment of a fixed sum or

salary to be determined by Icon Water and that remuneration may be either in addition to or in substitution for that Director's remuneration under clause 9.1.

- 9.3 A Director is also entitled to be reimbursed out of the funds of the Company such reasonable travelling, accommodation and other expenses as the Director may incur when travelling to or from meetings of the Directors or a Committee or when otherwise engaged on the business of the Company.

10 Vacation of office and conflict of interest

Vacation of office

- 10.1 The office of a Director is automatically vacated if the Director:
- (a) ceases to be a Director by virtue of, or becomes prohibited from being a Director because of an order made under, the Corporations Law;
 - (b) becomes bankrupt or insolvent or makes an arrangement or composition with creditors of the Director's joint or separate estate generally;
 - (c) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under a law relating to mental health;
 - (d) resigns office by notice in writing to the Company or refuses to act;
 - (e) is not present personally or by an Alternate Director or by a proxy appointed under clause 12.7 at the meetings of the Directors for a continuous period of three months without leave of absence from the Directors;
 - (f) is removed from office by Icon Water in accordance with clause 8.7; or
 - (g) vacates office in accordance with clause 8.8.

Director's interests

- 10.2 Each Director must disclose his or her interests to the Company in accordance with the Corporations Law and the Secretary must record any such declaration in the minutes of the relevant meeting.
- 10.3 No Director may vote or take part in the debate in respect of a contract in which the Director has a material interest and if the Director does so vote his or her vote may not be counted although the Director may be counted in the quorum present at any Directors' meeting at which the contract is considered.

- 10.4 A Director may, notwithstanding his or her interest, and whether or not the Director is entitled to vote or does vote, participate in the execution of any instrument by or on behalf of the Company whether through signing or sealing the same or otherwise.
- 10.5 A Director may, notwithstanding the Director's office and the fiduciary relationship established by it:
- (a) hold an office or place of profit (except that of Auditor) under the Company, a Related Body Corporate of the Company or any other body corporate in which the Company is a member or otherwise interested;
 - (b) enter into a contract with the Company as vendor, purchaser or otherwise and participate in any association, institution, fund, trust or scheme for past or present employees or Directors of the Company, a Related Body Corporate of the Company or any of their respective predecessors in business or their dependants or persons connected with them; and
 - (c) retain for the Director's own benefit any profit arising from any such office, place of profit or contract and any pension, allowance or other benefit received because of that participation.
- 10.6 A contract entered into by or on behalf of the Company is not void or voidable by reason only that a Director is in any way directly or indirectly interested in it.
- 10.7 An interested Director may attest the affixing of the Seal to a contract or any other document.
- 10.8 In this clause 10, where the context admits, **contract** includes an arrangement and a proposed contract or arrangement.

Interests of the holding company

- 10.9 A director is entitled to act in the best interests of Icon Water as contemplated by section 187 of the Corporations Law.

11 Powers of directors

- 11.1 The management of the business of the Company is vested in the Directors who may exercise all such powers of the Company as are not, by the Corporations Law or by this Constitution, required to be exercised by the Company in general meeting, but the Directors may not sell or dispose of the Company's main undertaking unless the sale or disposal is subject to ratification by Icon Water.

- 11.2 In exercising their powers under clause 11.1, the Directors must act in accordance with Icon Water's Statement of Corporate Intent.

12 Proceedings of directors

Meetings

- 12.1 The Directors may meet for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit.

Quorum

- 12.2 Until otherwise determined by the Directors, the Specified Number of Directors present in person or by proxy are a quorum.
- 12.3 An interested Director is to be counted in a quorum notwithstanding the Director's interest.

Effect of vacancy

- 12.4 The continuing Directors may act notwithstanding a vacancy in their number but, if and so long as their number is reduced below the minimum fixed by clause 8.1, the continuing Directors may, except in an emergency, act only for the purpose:
- (a) subject to clause 8.6, of filling vacancies to the extent necessary to bring their number up to that minimum; or
 - (b) of summoning a general meeting.

Convening meetings

- 12.5 A Director may, and the Secretary on the request of a Director must, convene a meeting of the Directors.
- 12.6 A Director who is not in Australia is not entitled to notice of a meeting of Directors.

Appointment of proxy

- 12.7 A Director may attend and vote by proxy at a meeting of the Directors if the proxy is a Director and has been appointed by writing under the signature of the appointer. Such an appointment may be general or for any particular meeting or meetings. A Director present as a proxy for another Director who would be entitled to vote if present at the meeting has one vote as proxy for that other Director and one vote as a Director in their own right.

Chair and Deputy Chair

- 12.8 Icon Water is to appoint a Chair, and may appoint a Deputy Chair. Icon Water may determine the period during which each is to hold office.

- 12.9 Subject to Icon Water's approval, the Chair or Deputy Chair may be removed from that office by a resolution of the Directors of which not less than 14 days' notice has been given to all the Directors for the time being in Australia.
- 12.10 The Chair is entitled to preside at meetings of the Directors but, if the Chair is not present and able and willing to act within 15 minutes after the time appointed for a meeting or has signified an intention not to be present and able and willing to act, the following may preside (in order of entitlement): the Deputy Chair, a Director chosen by a majority of the Directors present.

How questions decided

- 12.11 Questions arising at a meeting of the Directors are to be decided by a majority of votes and in the event of an equality of votes the chair of the meeting will have a casting vote. The chair has discretion both as to whether or not to use the casting vote and as to the way in which it is used.

Committees

- 12.12 The Directors may delegate any of their powers to Committees consisting of such Directors and other persons as they think fit and may revoke that delegation.
- 12.13 A Committee in the exercise of the powers so delegated is to conform to any regulations imposed by the Directors.
- 12.14 Subject to clause 12.13, the meetings and proceedings of a Committee consisting of two or more Directors are governed by the provisions of this Constitution as to the meetings and proceedings of the Directors so far as they are applicable.

Written resolution

- 12.15 Subject to the Corporations Law, a resolution in writing signed by all the Directors who are for the time being in Australia or all the members of a Committee who are for the time being in Australia, in either case being at least a quorum, is as valid and effectual as if it had been passed at a meeting of the Directors or Committee duly called and constituted at the time the resolution was last signed and may consist of several documents in like form each signed by one or more of the Directors or members.

Use of technology

- 12.16 A Directors' meeting may be called or held using any technology consented to by each Director. The consent may be a standing one. A Director may only withdraw consent within a reasonable period before the meeting.

Validity of acts of Directors

- 12.17 All acts of the Directors, a Committee or a person acting as a Director or Committee or member of a Committee are valid notwithstanding that it is afterwards discovered that there was

some defect in the appointment, election or qualification of them or any of them or that they or any of them were disqualified or had vacated office.

13 Managing and Executive Directors

Appointment and removal

- 13.1 The Directors may with Icon Water's prior approval appoint one or more of their number to the office of Managing Director or Executive Director either for a fixed term or without limitation as to period of appointment but not for life, and may with like approval remove a person so appointed and appoint another instead.
- 13.2 A Managing Director or Executive Director, subject to the provisions of any contract with the Company, is subject to the same provisions as to resignation and removal as the other Directors and automatically ceases to be a Managing Director or Executive Director on ceasing to be a Director.

Remuneration

- 13.3 The Directors may with Icon Water's prior approval determine the remuneration of a Managing Director or Executive Director.

Powers

- 13.4 The Directors may with Icon Water's approval confer on a Managing Director or Executive Director such of the powers conferred on the Directors by this Constitution, for such time, to be exercised for such purposes, on such terms and with such restrictions as they think fit and all or any of those powers may be conferred collaterally with but not to the exclusion of the powers of the Directors and may with the like approval be revoked or varied by the Directors.

14 Alternate Directors

- 14.1 Subject to the Corporations Law, a Director (**appointer**) may appoint a person approved by Icon Water and the Voting Shareholders to act as an Alternate Director in the appointer's place whether for a stated period or periods or until the happening of a specified event or from time to time.
- 14.2 An Alternate Director:
- (a) may be removed or suspended from office by Icon Water or by writing under the appointer's hand or by notice in writing from the appointer;
 - (b) subject to this Constitution is entitled to receive notice of meetings of the Directors and to attend and vote if the appointer is not present and, if also a Director in the Alternate Director's own right or

Alternate Director for another Director as well, to have a separate vote on behalf of the appointer in addition to the Alternate Director's own or that other Director's vote;

- (c) may exercise all the powers except the power to appoint an Alternate Director and, subject to the Corporations Law, perform all the duties of the appointer in so far as the appointer has not exercised or performed them;
- (d) automatically ceases to be an Alternate Director if the appointer ceases to be a Director;
- (e) whilst acting as a Director is responsible to the Company for the Alternate Director's own acts and defaults and the appointer is not responsible for them;
- (f) may not receive any remuneration from the Company as a Director except for any special services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director; and
- (g) may not be taken into account separately from the appointer in determining the number of Directors.

15 Secretary

A Secretary holds office on such terms and conditions, as to remuneration and otherwise, as the Directors determine. The Directors may appoint a Deputy Secretary, who may act as company secretary while the Secretary is in any way incapable of acting as company secretary, or a person as an acting Secretary or as a temporary substitute for the Secretary.

16 Authentication of documents

Company seals

- 16.1 The Company may have:
 - (a) a common seal; and
 - (b) a duplicate common seal, which must be a copy of the common seal with the words "duplicate seal", "share seal" or "certificate seal" added.
- 16.2 The Directors must provide for the safe custody of all Seals in such manner as they think fit.

Use of a Seal

- 16.3 A Seal may be affixed to a document only by the authority of the Directors or a Committee of the Directors authorised by the Directors in that regard.
- 16.4 Every document to which a Seal is affixed must be signed by a Director and countersigned by the Secretary or a second Director or some other person appointed generally or in a particular case by the Directors for that purpose.

Signatures by mechanical means

- 16.5 The Directors may determine generally or in a particular case that the signature of a Director, Secretary or other person appointed by the Directors for the purpose of signing documents to which a Seal is affixed may be written by a specified mechanical means on documents which bear evidence of examination by the Auditor.

Negotiable instruments

- 16.6 Cheques, bills of exchange, promissory notes and other negotiable instruments may be signed, accepted, drawn, made or endorsed on behalf of the Company in such manner and by such persons (whether Directors or officers of the Company or not) as the Directors determine but not otherwise.

17 Reserves

- 17.1 The Directors may before declaring or paying a dividend set aside out of the profits of the Company such sums as they think proper as reserves to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may properly be applied.
- 17.2 Pending any such application, the reserves may at the discretion of the Directors be used in the business of the Company or be invested in such investments as the Directors think fit.
- 17.3 The Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends, without transferring those profits to a reserve.

18 Dividends

Calculation and apportionment

- 18.1 Subject to this Constitution, the profits of the Company which it is determined to distribute in accordance with this clause by way of dividend are to be applied in payment of dividends on the Shares in proportion to the amounts Paid on them respectively.

- 18.2 Except in the case of Shares issued on terms providing to the contrary, all dividends are to be apportioned and paid proportionately to the amounts Paid on the Shares during any portion or portions of the period in respect of which the dividend is declared.

Directors' powers

- 18.3 The Directors may declare interim and final dividends, and fix the time for their payment, by agreement between the Directors and the Voting Shareholders or, failing agreement, as the Voting Shareholders direct in writing.
- 18.4 A dividend does not bear interest against the Company.
- 18.5 A declaration by the Directors as to the amount of the profits available for dividend is conclusive and binding on Icon Water.

Effect of transfer

- 18.6 A transfer of Shares does not pass the right to a dividend or other distribution declared or made on them after the transfer and before its registration.

Distribution of specific assets

- 18.7 The Directors may, with the approval of the Voting Shareholders, resolve that a dividend payable in respect of any particular Shares be satisfied wholly or partly by a distribution of specific assets, including paid up shares in or debentures of another body corporate, and that the dividend payable in respect of other Shares be paid in cash.

19 Capitalisation of profits

- 19.1 The Directors may, with Icon Water's prior consent, resolve that any moneys, investments or other assets:
- (a) forming part of the undivided profits of the Company;
 - (b) standing to the credit of a reserve;
 - (c) in the hands of the Company and available for dividend; or
 - (d) representing premiums received and standing to the credit of a Share premium account,

be capitalised and applied, in any of the ways mentioned in clause 19.2, for Icon Water's benefit.

- 19.2 The ways in which moneys, investments or other assets referred to in clause 19.1 may be applied for Icon Water's benefit under that clause are:
- (a) in paying any amounts (including any premium) unpaid on Shares held by Icon Water;
 - (b) in paying up in full (including any premium) unissued Shares or debentures to be issued to Icon Water as fully Paid; or
 - (c) partly as mentioned in clause 19.2(a) and partly as mentioned in clause 19.2(b).
- 19.3 The Directors must do all things necessary to give effect to a resolution under clause 19.1.

20 Inspection of books

Icon Water and the Voting Shareholders may at any time inspect the books and documents of the Company or any of them.

21 Service of notices

- 21.1 A notice may be delivered or served by the Company either personally or by sending it:
- (a) in the case of an address outside Australia, by airmail post or courier; and
 - (b) in any other case, by ordinary post, courier or hand delivery.
- 21.2 A notice sent by post, courier or hand delivery is to be deemed received or served on the day next following that on which it was posted, couriered or hand delivered and in proving delivery or service it is sufficient to prove that the envelope or wrapper containing the document was properly addressed and, if applicable, stamped and was posted.
- 21.3 A notice may be served by the Company on a person receiving notice under this Constitution by sending it by facsimile or electronic mail to that person at the person's address notified to the Company for that purpose. A notice so sent is to be deemed served:
- (a) if transmitted by facsimile, on the day following production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the person's facsimile number; or

- (b) if transmitted by electronic mail, on the day following the other party acknowledging receipt by any means in person, by phone or by message which indicates the electronic mail was received.

21.4 Subject to the Corporations Law:

- (a) if a given number of days' notice or notice extending over any other period is required to be given, the day on which the notice is to be deemed served and in case of a notice convening a meeting the day on which the meeting is to be held are to be excluded in calculating the number of days or other period; and
- (b) if this Constitution requires or permits a notice to be given by the Company, the Directors, a Director or the Secretary, neither accidental omission to give the notice nor non-receipt of the notice invalidates the meeting, resolution, procedure or matter to which the notice relates.

22 Winding up

Distribution of assets

- 22.1 When the Company is wound up, the assets available for distribution are to be paid to Icon Water.
- 22.2 When the Company is wound up the liquidator may with Icon Water's approval:
 - (a) distribute the whole or any part of the Company's assets (whether consisting of property of the same sort or not) in kind to Icon Water and for that purpose set such value as the liquidator considers fair on the property so distributed; and
 - (b) vest the whole or any part of the Company's assets (whether consisting of property of the same sort or not) in trustees on such trusts for the benefit of Icon Water,

but Icon Water may not be compelled to accept any Shares in a body corporate or other securities in respect of which there is a liability.

23 Indemnity and insurance

Indemnity

- 23.1 Every person who is or has been
 - (a) a Director; or

(b) a Secretary;

is entitled to be indemnified out of the property of the Company against:

(c) every liability incurred by the person in that capacity (except a liability for legal costs); and

(d) all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity,

unless:

(e) the Company is forbidden by statute to indemnify the person against the liability or legal costs; or

(f) an indemnity by the Company of the person against the liability or legal costs would, if given, be made void by statute.

23.2 The amount of any indemnity payable under clause 23.1 will include an additional amount (**GST Amount**) equal to any GST payable by the officer being indemnified (**Indemnified Officer**) in connection with the indemnity (less the amount of any input tax credit claimable by the Indemnified Officer in connection with the indemnity). Payment of any indemnity which includes a GST Amount is conditional upon the Indemnified Officer providing the Company with a GST tax invoice for the GST Amount.

Insurance

23.3 The Company may pay or agree to pay, whether directly or through an interposed entity, a premium for a contract insuring a person who has or has had a capacity mentioned in paragraph (a) or (b) of clause 23.1 against liability incurred by the person in that capacity, including a liability for legal costs, unless:

(a) the Company is forbidden by statute to pay or agree to pay the premium; or

(b) the contract would, if the Company paid the premium, be made void by statute.

24 General overriding provisions – Territory-owned Corporations Act

24.1 This Constitution may not be altered in a way that is inconsistent with the provisions of Schedules 2 and 3 of the Territory-owned Corporations Act unless and until a resolution approving the alteration or addition has been passed by the Legislative Assembly.

- 24.2 The provisions of the Territory-owned Corporations Act prevail over any inconsistent provisions of this Constitution that have not been approved by the Legislative Assembly.
- 24.3 The Company, its Directors and the Voting Shareholders must comply with the Territory-owned Corporations Act.
- 24.4 The Company must ensure that the constitution of its subsidiaries (if any) at all times contain provisions to the effect of those required by Schedules 2 and 3 to the Territory-owned Corporations Act.
- 24.5 The Company must, to the maximum extent practicable, ensure that any subsidiary complies with the constitution of the subsidiary and with the requirements of the Territory-owned Corporations Act.

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Icon Retail Investments Limited ACN 074 371 207

Special Resolution of sole member under section 249B(1) of the *Corporations Act 2001* to change the company Constitution

1. Icon Water Limited (ACN 069 381 960), as a sole member/shareholder of Icon Retail Investments Limited (IRIL), resolves to change the IRIL company Constitution (the Constitution) as shown in the attached Constitution (in track changes).

In summary, the Constitution has been amended to increase the number of directors, modernise the language and tidy up typographical errors as follows:

- (a) Amending the definition of 'Specified Number' in clause 1.1 to change the quorum for director's meetings to five while the number of Directors in office is eight, four while the number of Directors in office is six or seven, and otherwise three, in order to align with the Icon Water Limited Board.
- (b) Amending clause 8.1 'Number of Directors' to allow for up to eight Directors (with a minimum of four Directors) on the IRIL Board.
- (c) Providing for notifications to be sent by courier, hand delivery and electronic mail in addition to the current modes of post and facsimile in clauses 1.2(d), 1.7 and 21.
- (d) Removal of references to redundant technology such as telegrams in clause 1.2(d).
- (e) Minor administrative changes including:
 - (i) substituting references to 'articles' with the term 'clauses'
 - (ii) capitalising the term 'voting shareholders' throughout the constitution
 - (iii) replacing the term 'to' with 'do' in clause 1.6.

Signed for Icon Water Limited (ACN: 069 381 960)
by a representative appointed under section 250D
of the *Corporations Act 2001*:

Date

15/12/2016

Signed



Name John Knox, Managing Director

Corporations Act

Constitution

of

Icon Retail Investments Limited
ACN 074 371 207

a company limited by shares

(as amended to reflect changes made 15 December 2016)

Corporations Act

Constitution

of

**Icon Retail Investments Limited
ACN 074 371 207**

a company limited by shares

1 Preliminary

Definitions

- 1.1 The following words have these meanings in this Constitution unless the contrary intention appears.

ACT Self-Government Act means the *Australian Capital Territory (Self-Government) Act 1988* of the Commonwealth.

Alternate Director means a person appointed as alternate director under clause 14.

Auditor means the auditor for the time being of the Company.

Chair means the chair of the board of directors of the Company and **Deputy Chair** means the deputy chair of the board.

Charge includes a mortgage.

Chief Minister means the Chief Minister for the Territory elected under section 40 of the ACT Self-Government Act.

Committee and **Committee of Directors** mean any Director or Directors acting as a committee of Directors.

Company means Icon Retail Investments Limited.

Constitution means this Constitution as amended from time to time.

Corporations Law means the *Corporations Act 2001* (Cth).

Director means a director of the Company, and where appropriate includes an Alternate Director.

Directors means all or some of the Directors acting as a board.

Executive Director means a person appointed as executive director under clause 13.

Icon Water means Icon Water Limited.

Icon Water's Statement of Corporate Intent (and any subsequent approved modification thereof) means the current statement prepared in relation to Icon Water, or in relation to Icon Water and one or more subsidiaries, pursuant to section 19(2)(d) of the Territory-owned Corporations Act, as modified from time to time in accordance with that Act.

Legislative Assembly means the Legislative Assembly for the Territory established by section 8 of the ACT Self-Government Act.

Managing Director means a person appointed as managing director under clause 13, and where appropriate includes an assistant managing director or an acting managing director.

Minister means the Chief Minister or a Minister appointed under section 41 of the ACT Self-Government Act.

Paid, in relation to Shares and capital, includes credited as paid.

Register means the register of holders of Shares kept in accordance with the Corporations Law, and where appropriate includes a branch register.

Registered Office means the registered office for the time being of the Company.

Related Body Corporate and Subsidiary have the same meanings as in the Corporations Law.

Seal includes the common seal of the Company and any duplicate common seal of the Company.

Secretary means a person appointed as a secretary of the Company, and where appropriate includes an acting secretary and a person appointed by the Directors to perform all or any of the duties of a secretary of the Company.

Share means an issued share of the Company.

Specified Number means five while the number of Directors in office is eight, four while the number of Directors in office is six or seven, and otherwise three.

Territory has the same meaning as in the ACT Self-Government Act.

Territory-owned Corporations Act means the *Territory-owned Corporations Act 1990* of the Territory.

Voting Shareholders means the persons who from time to time hold one or more shares in Icon Water that confer the right to vote at general meetings of Icon Water.

Interpretation

- 1.2 In this Constitution unless the contrary intention appears:
- (a) the word **person** includes a firm, a body corporate, an unincorporated association or an authority;
 - (b) the singular includes the plural and vice versa;
 - (c) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
 - (d) a reference to writing includes typewriting, printing, facsimile, electronic mail and other modes of representing or reproducing words in a visible form;
 - (e) a reference to a section is a reference to a section of the Corporations Law; and
 - (f) a reference to the Corporations Law or to a provision of the Corporations Law, means the Corporations Law or that provision as amended from time to time, or any statute, code or provision enacted in its place, whether by the Australian Capital Territory or the Commonwealth of Australia, and includes regulations and other instruments under it.
- 1.3 Headings are inserted for convenience and do not affect the interpretation of this Constitution.
- 1.4 Powers conferred on the Company, the Directors, a Committee of Directors, a Director or a holder of Shares may be exercised at any time and from time to time.
- 1.5 **Including, includes and in particular** do not limit the generality of the subject matter which precedes them or to which they refer.

Replaceable rules

- 1.6 The provisions of the Corporations Law that apply as replaceable rules are displaced by this Constitution and accordingly do not apply to the Company.

Notice from Icon Water

- 1.7 Icon Water may exercise a power or give its consent for a purpose under this Constitution by notice in writing, either under its common seal or signed by any two of its directors, delivered to or sent by facsimile or electronic mail addressed

to the Company at the Registered Office or any business office of the Company and marked for the attention of the Chair or the Secretary.

2 Objects

The objects for which the Company is established are to:

- (a) procure and supply gas, electricity and related products and services;
- (b) promote and market gas, electricity, water and sewerage services and related products and services;
- (c) provide billing services;
- (d) enter into a partnership or other form of joint venture to achieve its objects; and
- (e) undertake any other related business or activity which may be undertaken by a natural person.

3 Shares

Issue of Shares and grant of options

3.1 Subject to the Corporations Law, this Constitution, any special rights conferred on the holders of any Shares or class of Shares and the prior consent of Icon Water:

- (a) the issue of Shares is under the control of the Directors;
- (b) the Directors may allot or otherwise dispose of them with such preferred, deferred or other rights and subject to such restrictions as to dividends, voting, return of capital, payment of calls or otherwise on such terms as they think fit; and
- (c) the Directors may grant an option over Shares during such time and for such consideration as they think fit,

but, with the exception of the Shares held by the subscribers to this Constitution on the Company's incorporation, no Share or Shares or option over a Share or Shares may be issued or granted to a person other than Icon Water.

Preference Shares

3.2 The Company may not issue any preference Shares nor may any issued Shares be converted into preference Shares.

Shares held by Minister

3.3 A Minister ceases to be eligible to hold Shares in the Company on ceasing to be a Minister, and may then exercise

no right as a holder of Shares (except to transfer their Shares as directed by the Chief Minister, which they must do on receipt of that direction).

4 Transfer of shares

Registration

- 4.1 A transfer of Shares must not be registered unless there has been lodged with the Company a proper instrument of transfer duly stamped if necessary, executed by the transferor (subject to clause 4.8) and the transferee.
- 4.2 In the case of a transfer of partly paid Shares the transfer may not be registered unless it is endorsed by, or accompanied by an instrument executed by, the transferee to the effect that the transferee agrees to accept the Shares subject to the terms on which the transferor held them and to be bound by this Constitution.
- 4.3 Subject to clause 3.3, the transferor remains the holder of the Shares for all purposes until the name of the transferee is entered in the Register.

Instruments of transfer

- 4.4 Subject to any applicable law an instrument of transfer must be in a usual or common form or in any other form acceptable to the Directors and must be delivered to the Company for registration accompanied by the certificate for the Shares to be transferred.

Restrictions on transfer

- 4.5 Subject to clause 4.8, the Directors may not register any transfer of Shares.
- 4.6 If the Directors refuse to register a transfer, they must send notice of the refusal to the transferee within two months from the date on which the transfer was lodged with the Company.

Consent of Voting Shareholders

- 4.7 Shares may not be issued or transferred unless the Voting Shareholders have consented in writing.

Chief Minister's power to transfer

- 4.8 The Chief Minister may execute a transfer of an issued Share whether or not the holder of the Share consents and, in the case of a person who, at the time of becoming a shareholder in the Company, was a Minister, whether or not the person still holds office as a Minister, and the Company must register a transfer signed by the Chief Minister that is accompanied by a declaration that the signature of the transferor cannot readily be obtained.

5 Share capital

The Company may deal with its Share capital in any manner authorised by law.

6 Borrowing powers

The Directors may, subject to the provisions of the Territory-owned Corporations Act, exercise all the Company's powers to borrow and raise money and secure any debts, liabilities, contracts or obligations incurred or undertaken by the Company in such manner and on such terms as they think fit.

7 General meetings

Where:

- (a) all Shares are held by Icon Water; and
- (b) a resolution is signed under section 249B by a representative of Icon Water authorised under section 250D stating that any act, matter or thing, or any ordinary or special resolution, required by the Corporations Law or by this Constitution to be made, performed or passed by or at a general meeting of the Company has been made, performed or passed,

then that act, matter, thing or resolution shall, for all purposes, have been duly made, performed or passed by or at a general meeting of the Company.

8 Directors

Number of Directors

- 8.1 The number of Directors must not be less than four nor, until otherwise determined by Icon Water, more than eight.

No share qualification

- 8.2 A Director does not require a share qualification.

Appointment

- 8.3 Subject to clause 8.6, Icon Water may by notice to the Company appoint a person as a Director either to fill a casual vacancy or as an additional Director.

- 8.4 Each person holding office as a Director at the date on which this Constitution comes into operation or, if there are no persons so holding office on that date, each person previously nominated in writing by Icon Water is to be deemed appointed by Icon Water under article 8.3.

- 8.5 Subject to clause 8.6, the Directors may appoint a person as a Director to fill a casual vacancy.

Consent of Voting Shareholders

- 8.6 A person may not be appointed as a Director unless the Voting Shareholders consent to the appointment.

Removal

- 8.7 Icon Water may by notice to the Company remove any Director from office.

Casual vacancy

- 8.8 Where:
- (a) an appointment referred to in section 12(3) of the Territory-owned Corporations Act is made; and
 - (b) the Voting Shareholders have not complied with section 12(2) of the Territory-owned Corporations Act;

the Director appointed holds office:

- (c) until the expiry of a period of 90 days from the day of appointment; or
- (d) until the Director ceases to hold office for any other reason;

whichever first occurs.

9 Remuneration and expenses

- 9.1 A Director is entitled to be paid out of the funds of the Company as remuneration for services as a Director such sum accruing from day to day as Icon Water determines.
- 9.2 If a Director, at the request of the Directors, performs additional or special duties for the Company, the Company may remunerate that Director by payment of a fixed sum or salary to be determined by Icon Water and that remuneration may be either in addition to or in substitution for that Director's remuneration under clause 9.1.
- 9.3 A Director is also entitled to be reimbursed out of the funds of the Company such reasonable travelling, accommodation and other expenses as the Director may incur when travelling to or from meetings of the Directors or a Committee or when otherwise engaged on the business of the Company.

10 Vacation of office and conflict of interest

Vacation of office

- 10.1 The office of a Director is automatically vacated if the Director:
- (a) ceases to be a Director by virtue of, or becomes prohibited from being a Director because of an order made under, the Corporations Law;
 - (b) becomes bankrupt or insolvent or makes an arrangement or composition with creditors of the Director's joint or separate estate generally;
 - (c) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under a law relating to mental health;
 - (d) resigns office by notice in writing to the Company or refuses to act;
 - (e) is not present personally or by an Alternate Director or by a proxy appointed under clause 12.7 at the meetings of the Directors for a continuous period of three months without leave of absence from the Directors;
 - (f) is removed from office by Icon Water in accordance with clause 8.7; or
 - (g) vacates office in accordance with clause 8.8.

Director's interests

- 10.2 Each Director must disclose his or her interests to the Company in accordance with the Corporations Law and the Secretary must record any such declaration in the minutes of the relevant meeting.
- 10.3 No Director may vote or take part in the debate in respect of a contract in which the Director has a material interest and if the Director does so vote his or her vote may not be counted although the Director may be counted in the quorum present at any Directors' meeting at which the contract is considered.
- 10.4 A Director may, notwithstanding his or her interest, and whether or not the Director is entitled to vote or does vote, participate in the execution of any instrument by or on behalf of the Company whether through signing or sealing the same or otherwise.
- 10.5 A Director may, notwithstanding the Director's office and the fiduciary relationship established by it:
- (a) hold an office or place of profit (except that of Auditor) under the Company, a Related Body

Corporate of the Company or any other body corporate in which the Company is a member or otherwise interested;

- (b) enter into a contract with the Company as vendor, purchaser or otherwise and participate in any association, institution, fund, trust or scheme for past or present employees or Directors of the Company, a Related Body Corporate of the Company or any of their respective predecessors in business or their dependants or persons connected with them; and
 - (c) retain for the Director's own benefit any profit arising from any such office, place of profit or contract and any pension, allowance or other benefit received because of that participation.
- 10.6 A contract entered into by or on behalf of the Company is not void or voidable by reason only that a Director is in any way directly or indirectly interested in it.
- 10.7 An interested Director may attest the affixing of the Seal to a contract or any other document.
- 10.8 In this clause 10, where the context admits, **contract** includes an arrangement and a proposed contract or arrangement.

Interests of the holding company

- 10.9 A director is entitled to act in the best interests of Icon Water as contemplated by section 187 of the Corporations Law.

11 Powers of directors

- 11.1 The management of the business of the Company is vested in the Directors who may exercise all such powers of the Company as are not, by the Corporations Law or by this Constitution, required to be exercised by the Company in general meeting, but the Directors may not sell or dispose of the Company's main undertaking unless the sale or disposal is subject to ratification by Icon Water.
- 11.2 In exercising their powers under clause 11.1, the Directors must act in accordance with Icon Water's Statement of Corporate Intent.

12 Proceedings of directors

Meetings

- 12.1 The Directors may meet for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit.

Quorum

- 12.2 Until otherwise determined by the Directors, the Specified Number of Directors present in person or by proxy are a quorum.
- 12.3 An interested Director is to be counted in a quorum notwithstanding the Director's interest.

Effect of vacancy

- 12.4 The continuing Directors may act notwithstanding a vacancy in their number but, if and so long as their number is reduced below the minimum fixed by clause 8.1, the continuing Directors may, except in an emergency, act only for the purpose:
- (a) subject to clause 8.6, of filling vacancies to the extent necessary to bring their number up to that minimum; or
 - (b) of summoning a general meeting.

Convening meetings

- 12.5 A Director may, and the Secretary on the request of a Director must, convene a meeting of the Directors.
- 12.6 A Director who is not in Australia is not entitled to notice of a meeting of Directors.

Appointment of proxy

- 12.7 A Director may attend and vote by proxy at a meeting of the Directors if the proxy is a Director and has been appointed by writing under the signature of the appointer. Such an appointment may be general or for any particular meeting or meetings. A Director present as a proxy for another Director who would be entitled to vote if present at the meeting has one vote as proxy for that other Director and one vote as a Director in their own right.

Chair and Deputy Chair

- 12.8 Icon Water is to appoint a Chair, and may appoint a Deputy Chair. Icon Water may determine the period during which each is to hold office.
- 12.9 Subject to Icon Water's approval, the Chair or Deputy Chair may be removed from that office by a resolution of the Directors of which not less than 14 days' notice has been given to all the Directors for the time being in Australia.
- 12.10 The Chair is entitled to preside at meetings of the Directors but, if the Chair is not present and able and willing to act within 15 minutes after the time appointed for a meeting or has signified an intention not to be present and able and willing to act, the following may preside (in order of

entitlement): the Deputy Chair, a Director chosen by a majority of the Directors present.

How questions decided

- 12.11 Questions arising at a meeting of the Directors are to be decided by a majority of votes and in the event of an equality of votes the chair of the meeting will have a casting vote. The chair has discretion both as to whether or not to use the casting vote and as to the way in which it is used.

Committees

- 12.12 The Directors may delegate any of their powers to Committees consisting of such Directors and other persons as they think fit and may revoke that delegation.
- 12.13 A Committee in the exercise of the powers so delegated is to conform to any regulations imposed by the Directors.
- 12.14 Subject to clause 12.13, the meetings and proceedings of a Committee consisting of two or more Directors are governed by the provisions of this Constitution as to the meetings and proceedings of the Directors so far as they are applicable.

Written resolution

- 12.15 Subject to the Corporations Law, a resolution in writing signed by all the Directors who are for the time being in Australia or all the members of a Committee who are for the time being in Australia, in either case being at least a quorum, is as valid and effectual as if it had been passed at a meeting of the Directors or Committee duly called and constituted at the time the resolution was last signed and may consist of several documents in like form each signed by one or more of the Directors or members.

Use of technology

- 12.16 A Directors' meeting may be called or held using any technology consented to by each Director. The consent may be a standing one. A Director may only withdraw consent within a reasonable period before the meeting.

Validity of acts of Directors

- 12.17 All acts of the Directors, a Committee or a person acting as a Director or Committee or member of a Committee are valid notwithstanding that it is afterwards discovered that there was some defect in the appointment, election or qualification of them or any of them or that they or any of them were disqualified or had vacated office.

13 Managing and Executive Directors

Appointment and removal

- 13.1 The Directors may with Icon Water's prior approval appoint one or more of their number to the office of Managing

Director or Executive Director either for a fixed term or without limitation as to period of appointment but not for life, and may with like approval remove a person so appointed and appoint another instead.

- 13.2 A Managing Director or Executive Director, subject to the provisions of any contract with the Company, is subject to the same provisions as to resignation and removal as the other Directors and automatically ceases to be a Managing Director or Executive Director on ceasing to be a Director.

Remuneration

- 13.3 The Directors may with Icon Water's prior approval determine the remuneration of a Managing Director or Executive Director.

Powers

- 13.4 The Directors may with Icon Water's approval confer on a Managing Director or Executive Director such of the powers conferred on the Directors by this Constitution, for such time, to be exercised for such purposes, on such terms and with such restrictions as they think fit and all or any of those powers may be conferred collaterally with but not to the exclusion of the powers of the Directors and may with the like approval be revoked or varied by the Directors.

14 Alternate Directors

- 14.1 Subject to the Corporations Law, a Director (**appointer**) may appoint a person approved by Icon Water and the Voting Shareholders to act as an Alternate Director in the appointer's place whether for a stated period or periods or until the happening of a specified event or from time to time.
- 14.2 An Alternate Director:
- (a) may be removed or suspended from office by Icon Water or by writing under the appointer's hand or by notice in writing from the appointer;
 - (b) subject to this Constitution is entitled to receive notice of meetings of the Directors and to attend and vote if the appointer is not present and, if also a Director in the Alternate Director's own right or Alternate Director for another Director as well, to have a separate vote on behalf of the appointer in addition to the Alternate Director's own or that other Director's vote;
 - (c) may exercise all the powers except the power to appoint an Alternate Director and, subject to the Corporations Law, perform all the duties of the

appointer in so far as the appointer has not exercised or performed them;

- (d) automatically ceases to be an Alternate Director if the appointer ceases to be a Director;
- (e) whilst acting as a Director is responsible to the Company for the Alternate Director's own acts and defaults and the appointer is not responsible for them;
- (f) may not receive any remuneration from the Company as a Director except for any special services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director; and
- (g) may not be taken into account separately from the appointer in determining the number of Directors.

15 Secretary

A Secretary holds office on such terms and conditions, as to remuneration and otherwise, as the Directors determine. The Directors may appoint a Deputy Secretary, who may act as company secretary while the Secretary is in any way incapable of acting as company secretary, or a person as an acting Secretary or as a temporary substitute for the Secretary.

16 Authentication of documents

Company seals

- 16.1 The Company may have:
 - (a) a common seal; and
 - (b) a duplicate common seal, which must be a copy of the common seal with the words "duplicate seal", "share seal" or "certificate seal" added.
- 16.2 The Directors must provide for the safe custody of all Seals in such manner as they think fit.

Use of a Seal

- 16.3 A Seal may be affixed to a document only by the authority of the Directors or a Committee of the Directors authorised by the Directors in that regard.
- 16.4 Every document to which a Seal is affixed must be signed by a Director and countersigned by the Secretary or a second Director or some other person appointed generally or in a particular case by the Directors for that purpose.

Signatures by mechanical means

- 16.5 The Directors may determine generally or in a particular case that the signature of a Director, Secretary or other person appointed by the Directors for the purpose of signing documents to which a Seal is affixed may be written by a specified mechanical means on documents which bear evidence of examination by the Auditor.

Negotiable instruments

- 16.6 Cheques, bills of exchange, promissory notes and other negotiable instruments may be signed, accepted, drawn, made or endorsed on behalf of the Company in such manner and by such persons (whether Directors or officers of the Company or not) as the Directors determine but not otherwise.

17 Reserves

- 17.1 The Directors may before declaring or paying a dividend set aside out of the profits of the Company such sums as they think proper as reserves to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may properly be applied.
- 17.2 Pending any such application, the reserves may at the discretion of the Directors be used in the business of the Company or be invested in such investments as the Directors think fit.
- 17.3 The Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends, without transferring those profits to a reserve.

18 Dividends

Calculation and apportionment

- 18.1 Subject to this Constitution, the profits of the Company which it is determined to distribute in accordance with this clause by way of dividend are to be applied in payment of dividends on the Shares in proportion to the amounts Paid on them respectively.
- 18.2 Except in the case of Shares issued on terms providing to the contrary, all dividends are to be apportioned and paid proportionately to the amounts Paid on the Shares during any portion or portions of the period in respect of which the dividend is declared.

Directors' powers

- 18.3 The Directors may declare interim and final dividends, and fix the time for their payment, by agreement between the Directors and the Voting Shareholders or, failing agreement, as the Voting Shareholders direct in writing.

- 18.4 A dividend does not bear interest against the Company.
- 18.5 A declaration by the Directors as to the amount of the profits available for dividend is conclusive and binding on Icon Water.

Effect of transfer

- 18.6 A transfer of Shares does not pass the right to a dividend or other distribution declared or made on them after the transfer and before its registration.

Distribution of specific assets

- 18.7 The Directors may, with the approval of the Voting Shareholders, resolve that a dividend payable in respect of any particular Shares be satisfied wholly or partly by a distribution of specific assets, including paid up shares in or debentures of another body corporate, and that the dividend payable in respect of other Shares be paid in cash.

19 Capitalisation of profits

- 19.1 The Directors may, with Icon Water's prior consent, resolve that any moneys, investments or other assets:
- (a) forming part of the undivided profits of the Company;
 - (b) standing to the credit of a reserve;
 - (c) in the hands of the Company and available for dividend; or
 - (d) representing premiums received and standing to the credit of a Share premium account,
- be capitalised and applied, in any of the ways mentioned in clause 19.2, for Icon Water's benefit.
- 19.2 The ways in which moneys, investments or other assets referred to in clause 19.1 may be applied for Icon Water's benefit under that clause are:
- (a) in paying any amounts (including any premium) unpaid on Shares held by Icon Water;
 - (b) in paying up in full (including any premium) unissued Shares or debentures to be issued to Icon Water as fully Paid; or
 - (c) partly as mentioned in clause 19.2(a) and partly as mentioned in clause 19.2(b).
- 19.3 The Directors must do all things necessary to give effect to a resolution under clause 19.1.

20 Inspection of books

Icon Water and the Voting Shareholders may at any time inspect the books and documents of the Company or any of them.

21 Service of notices

- 21.1 A notice may be delivered or served by the Company either personally or by sending it:
- (a) in the case of an address outside Australia, by airmail post or courier; and
 - (b) in any other case, by ordinary post, courier or hand delivery.
- 21.2 A notice sent by post, courier or hand delivery is to be deemed received or served on the day next following that on which it was posted, couriered or hand delivered and in proving delivery or service it is sufficient to prove that the envelope or wrapper containing the document was properly addressed and, if applicable, stamped and was posted.
- 21.3 A notice may be served by the Company on a person receiving notice under this Constitution by sending it by facsimile or electronic mail to that person at the person's address notified to the Company for that purpose. A notice so sent is to be deemed served:
- (a) if transmitted by facsimile, on the day following production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the person's facsimile number; or
 - (b) if transmitted by electronic mail, on the day following the other party acknowledging receipt by any means in person, by phone or by message which indicates the electronic mail was received.
- 21.4 Subject to the Corporations Law:
- (a) if a given number of days' notice or notice extending over any other period is required to be given, the day on which the notice is to be deemed served and in case of a notice convening a meeting the day on which the meeting is to be held are to be excluded in calculating the number of days or other period; and
 - (b) if this Constitution requires or permits a notice to be given by the Company, the Directors, a Director or the Secretary, neither accidental omission to give the notice nor non-receipt of the notice invalidates the

meeting, resolution, procedure or matter to which the notice relates.

22 Winding up

Distribution of assets

- 22.1 When the Company is wound up, the assets available for distribution are to be paid to Icon Water.
- 22.2 When the Company is wound up the liquidator may with Icon Water's approval:
- (a) distribute the whole or any part of the Company's assets (whether consisting of property of the same sort or not) in kind to Icon Water and for that purpose set such value as the liquidator considers fair on the property so distributed; and
 - (b) vest the whole or any part of the Company's assets (whether consisting of property of the same sort or not) in trustees on such trusts for the benefit of Icon Water,

but Icon Water may not be compelled to accept any Shares in a body corporate or other securities in respect of which there is a liability.

23 Indemnity and insurance

Indemnity

- 23.1 Every person who is or has been
- (a) a Director; or
 - (b) a Secretary;
- is entitled to be indemnified out of the property of the Company against:
- (c) every liability incurred by the person in that capacity (except a liability for legal costs); and
 - (d) all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity,
- unless:
- (e) the Company is forbidden by statute to indemnify the person against the liability or legal costs; or

- (f) an indemnity by the Company of the person against the liability or legal costs would, if given, be made void by statute.

23.2 The amount of any indemnity payable under clause 23.1 will include an additional amount (**GST Amount**) equal to any GST payable by the officer being indemnified (**Indemnified Officer**) in connection with the indemnity (less the amount of any input tax credit claimable by the Indemnified Officer in connection with the indemnity). Payment of any indemnity which includes a GST Amount is conditional upon the Indemnified Officer providing the Company with a GST tax invoice for the GST Amount.

Insurance:

23.3 The Company may pay or agree to pay, whether directly or through an interposed entity, a premium for a contract insuring a person who has or has had a capacity mentioned in paragraph (a) or (b) of clause 23.1 against liability incurred by the person in that capacity, including a liability for legal costs, unless:

- (a) the Company is forbidden by statute to pay or agree to pay the premium; or
- (b) the contract would, if the Company paid the premium, be made void by statute.

24 General overriding provisions - Territory-owned Corporations Act

24.1 This Constitution may not be altered in a way that is inconsistent with the provisions of Schedules 2 and 3 of the Territory-owned Corporations Act unless and until a resolution approving the alteration or addition has been passed by the Legislative Assembly.

24.2 The provisions of the Territory-owned Corporations Act prevail over any inconsistent provisions of this Constitution that have not been approved by the Legislative Assembly.

24.3 The Company, its Directors and the Voting Shareholders must comply with the Territory-owned Corporations Act.

24.4 The Company must ensure that the constitution of its subsidiaries (if any) at all times contain provisions to the effect of those required by Schedules 2 and 3 to the Territory-owned Corporations Act.

24.5 The Company must, to the maximum extent practicable, ensure that any subsidiary complies with the constitution of the subsidiary and with the requirements of the Territory-owned Corporations Act.

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Icon Distribution Investments Limited ACN 073 025 224

Special Resolution of sole member under section 249B(1) of the *Corporations Act 2001* to change the company Constitution

1. Icon Water Limited (ACN 069 381 960), as a sole member/shareholder of Icon Distribution Investments Limited (IDIL), resolves to change the IDIL company Constitution (the Constitution) as shown in the attached Constitution (in track changes).

In summary, the Constitution has been amended to increase the minimum and maximum number of directors, modernise the language and tidy up typographical errors as follows:

- (a) Amending the definition of 'Specified Number' in clause 1.1 to change the quorum for director's meetings to four while the number of Directors in office is six or seven, five while the number of Directors in office is eight, and otherwise three, in order to align with the Icon Water Limited Board.
- (b) Amending clause 8.1 'Number of Directors' to allow for up to eight Directors (with a minimum of four Directors) on the IDIL Board.
- (c) Providing for notifications to be sent by courier, hand delivery and electronic mail in addition to the current modes of post and facsimile in clauses 1.2(d), 1.7 and 21.
- (d) Removal of references to redundant technology such as telegrams in clause 1.2(d).
- (e) Minor administrative changes including:
 - (i) substituting references to 'articles' with the term 'clauses'
 - (ii) capitalising the term 'voting shareholders' throughout the constitution
 - (iii) replacing the term 'to' with 'do' in clause 1.6
 - (iv) correcting sub-paragraph numbering in the subclauses of clauses 19 and 21.

Signed for Icon Water Limited (ACN: 069 381 960)
by a representative appointed under section 250D
of the *Corporations Act 2001*:

Date _____

Signed _____

Name John Knox, Managing Director

Corporations Act

Constitution

of

**Icon Distribution Investments Limited
ACN 073 025 224**

a company limited by shares

(as amended to reflect changes made ~~5 May 2015~~ 15 December 2016)

Corporations Act

Constitution

of

Icon Distribution Investments Limited
ACN 073 025 224

a company limited by shares

1 Preliminary

Definitions

- 1.1 The following words have these meanings in this Constitution unless the contrary intention appears.

ACT Self-Government Act means the *Australian Capital Territory (Self-Government) Act 1988* of the Commonwealth.

Alternate Director means a person appointed as alternate director under ~~article~~clause 14.

Auditor means the auditor for the time being of the Company.

Chair means the chair of the board of directors of the Company and **Deputy Chair** means the deputy chair of the board.

Charge includes a mortgage.

Chief Minister means the Chief Minister for the Territory elected under section 40 of the ACT Self-Government Act.

Committee and **Committee of Directors** mean any Director or Directors acting as a committee of Directors.

Company means Icon Distribution Investments Limited.

Constitution means this Constitution as amended from time to time.

Corporations Law means the *Corporations Act 2001* (Cth).

Director means a director of the Company, and where appropriate includes an Alternate Director.

Directors means all or some of the Directors acting as a board.

Executive Director means a person appointed as executive director under article clause 13.

Icon Water means Icon Water Limited.

Icon Water's Statement of Corporate Intent (and any subsequent approved modification thereof) means the current statement prepared in relation to Icon Water, or in relation to Icon Water and one or more subsidiaries, pursuant to section 19(2)(d) of the Territory-owned Corporations Act, as modified from time to time in accordance with that Act.

Legislative Assembly means the Legislative Assembly for the Territory established by section 8 of the ACT Self-Government Act.

Managing Director means a person appointed as managing director under article clause 13, and where appropriate includes an assistant managing director or an acting managing director.

Minister means the Chief Minister or a Minister appointed under section 41 of the ACT Self-Government Act.

Paid, in relation to Shares and capital, includes credited as paid.

Register means the register of holders of Shares kept in accordance with the Corporations Law, and where appropriate includes a branch register.

Registered Office means the registered office for the time being of the Company.

Related Body Corporate and **Subsidiary** have the same meanings as in the Corporations Law.

Seal includes the common seal of the Company and any duplicate common seal of the Company.

Secretary means a person appointed as a secretary of the Company, and where appropriate includes an acting secretary and a person appointed by the Directors to perform all or any of the duties of a secretary of the Company.

Share means an issued share of the Company.

Specified Number means one-half of the number of Directors from time to time (rounded up) - four while the number of Directors in office is six or seven, five while the number of Directors in office is eight and otherwise three.

Territory has the same meaning as in the ACT Self-Government Act.

Territory-owned Corporations Act means the *Territory-owned Corporations Act 1990* of the Territory.

Voting shareholders ~~Shareholders~~ means the persons who from time to time hold one or more shares in Icon Water that confer the right to vote at general meetings of Icon Water.

Interpretation

- 1.2 In this Constitution unless the contrary intention appears:
- (a) the word **person** includes a firm, a body corporate, an unincorporated association or an authority;
 - (b) the singular includes the plural and vice versa;
 - (c) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
 - (d) a reference to writing includes typewriting, printing, telegram, facsimile, electronic mail and other modes of representing or reproducing words in a visible form;
 - (e) a reference to a section is a reference to a section of the Corporations Law; and
 - (f) a reference to the Corporations Law or to a provision of the Corporations Law, means the Corporations Law or that provision as amended from time to time, or any statute, code or provision enacted in its place, whether by the Australian Capital Territory or the Commonwealth of Australia, and includes regulations and other instruments under it.
- 1.3 Headings are inserted for convenience and do not affect the interpretation of this Constitution.
- 1.4 Powers conferred on the Company, the Directors, a Committee of Directors, a Director or a holder of Shares may be exercised at any time and from time to time.
- 1.5 **Including, includes** and **in particular** do not limit the generality of the subject matter which precedes them or to which they refer.

Replaceable rules

- 1.6 The provisions of the Corporations Law that apply as replaceable rules are displaced by this Constitution and accordingly ~~do not~~ apply to the Company.

Notice from Icon Water

- 1.7 Icon Water may exercise a power or give its consent for a purpose under this Constitution by notice in writing, either under its common seal or signed by any two of its directors, delivered to or sent by facsimile or electronic mail addressed to the Company at the Registered Office or any business office of the Company and marked for the attention of the Chair or the Secretary.

2 Objects

The objects for which the Company is established are to:

- (a) plan, design, construct and operate or manage the operation of distribution networks and facilities providing energy including gas and electricity;
- (b) plan, design, construct and operate or manage the operation of electricity generation facilities;
- (c) own electricity and gas distribution networks and related facilities;
- (d) undertake related businesses, including System Control and Data Acquisition, call centres and ancillary businesses, provide training in matters including but not limited to confined space training, working at a height and rescue at a height, provide computing services, and financial and accounting services;
- (e) manage property and vehicle fleets and perform stores functions including acquisition, handling and storage;
- (f) enter into a partnership or other form of joint venture to achieve its objects; and
- (g) undertake any other related business or activity which may be undertaken by a natural person.

3 Shares

Issue of Shares and grant of options

- 3.1 Subject to the Corporations Law, this Constitution, any special rights conferred on the holders of any Shares or class of Shares and the prior consent of Icon Water:

- (a) the issue of Shares is under the control of the Directors;
- (b) the Directors may allot or otherwise dispose of them with such preferred, deferred or other rights and

subject to such restrictions as to dividends, voting, return of capital, payment of calls or otherwise on such terms as they think fit; and

- (c) the Directors may grant an option over Shares during such time and for such consideration as they think fit,

but, with the exception of the Shares held by the subscribers to this Constitution on the Company's incorporation, no Share or Shares or option over a Share or Shares may be issued or granted to a person other than Icon Water.

Preference Shares

- 3.2 The Company may not issue any preference Shares nor may any issued Shares be converted into preference Shares.

Shares held by Minister

- 3.3 A Minister ceases to be eligible to hold Shares in the Company on ceasing to be a Minister, and may then exercise no right as a holder of Shares (except to transfer their Shares as directed by the Chief Minister, which they must do on receipt of that direction).

4 Transfer of shares

Registration

- 4.1 A transfer of Shares must not be registered unless there has been lodged with the Company a proper instrument of transfer duly stamped if necessary, executed by the transferor (subject to [article clause 4.8](#)) and the transferee.
- 4.2 In the case of a transfer of partly paid Shares the transfer may not be registered unless it is endorsed by, or accompanied by an instrument executed by, the transferee to the effect that the transferee agrees to accept the Shares subject to the terms on which the transferor held them and to be bound by this Constitution.
- 4.3 Subject to [article clause 3.3](#), the transferor remains the holder of the Shares for all purposes until the name of the transferee is entered in the Register.

Instruments of transfer

- 4.4 Subject to any applicable law an instrument of transfer must be in a usual or common form or in any other form acceptable to the Directors and must be delivered to the Company for registration accompanied by the certificate for the Shares to be transferred.

Restrictions on transfer

- 4.5 Subject to [article clause 4.8](#), the Directors may not register any transfer of Shares.

- 4.6 If the Directors refuse to register a transfer, they must send notice of the refusal to the transferee within two months from the date on which the transfer was lodged with the Company.

Consent of ~~voting shareholders~~ Voting Shareholders

- 4.7 Shares may not be issued or transferred unless the ~~voting shareholders~~ Voting Shareholders have consented in writing.

Chief Minister's power to transfer

- 4.8 The Chief Minister may execute a transfer of an issued Share whether or not the holder of the Share consents and, in the case of a person who, at the time of becoming a shareholder in the Company, was a Minister, whether or not the person still holds office as a Minister, and the Company must register a transfer signed by the Chief Minister that is accompanied by a declaration that the signature of the transferor cannot readily be obtained.

5 Share capital

The Company may deal with its Share capital in any manner authorised by law.

6 Borrowing powers

The Directors may, subject to the provisions of the Territory-owned Corporations Act, exercise all the Company's powers to borrow and raise money and secure any debts, liabilities, contracts or obligations incurred or undertaken by the Company in such manner and on such terms as they think fit.

7 General meetings

Where:

- (a) all Shares are held by Icon Water; and
- (b) a resolution is signed under section 249B by a representative of Icon Water authorised under section 250D stating that any act, matter or thing, or any ordinary or special resolution, required by the Corporations Law or by this Constitution to be made, performed or passed by or at a general meeting of the Company has been made, performed or passed,

then that act, matter, thing or resolution shall, for all purposes, have been duly made, performed or passed by or at a general meeting of the Company.

8 Directors

Number of Directors

- 8.1 The number of Directors must not be less than ~~three~~four nor, until otherwise determined by Icon Water, more than ~~four~~eight.

No share qualification

- 8.2 A Director does not require a share qualification.

Appointment

- 8.3 Subject to ~~article~~clause 8.6, Icon Water may by notice to the Company appoint a person as a Director either to fill a casual vacancy or as an additional Director.
- 8.4 Each person holding office as a Director at the date on which this Constitution comes into operation or, if there are no persons so holding office on that date, each person previously nominated in writing by Icon Water is to be deemed appointed by Icon Water under article 8.3.
- 8.5 Subject to ~~article~~clause 8.6, the Directors may appoint a person as a Director to fill a casual vacancy.

~~Consent of voting shareholders~~Voting Shareholders

- 8.6 A person may not be appointed as a Director unless the ~~voting shareholders~~Voting Shareholders consent to the appointment.

Removal

- 8.7 Icon Water may by notice to the Company remove any Director from office.

Casual vacancy

- 8.8 Where:
- (a) an appointment referred to in section 12(3) of the Territory-owned Corporations Act is made; and
 - (b) the ~~voting shareholders~~Voting Shareholders have not complied with section 12(2) of the Territory-owned Corporations Act;

the Director appointed holds office:

- (c) until the expiry of a period of 90 days from the day of appointment; or
- (d) until the Director ceases to hold office for any other reason;

whichever first occurs.

9 Remuneration and expenses

- 9.1 A Director is entitled to be paid out of the funds of the Company as remuneration for services as a Director such sum accruing from day to day as Icon Water determines.
- 9.2 If a Director, at the request of the Directors, performs additional or special duties for the Company, the Company may remunerate that Director by payment of a fixed sum or salary to be determined by Icon Water and that remuneration may be either in addition to or in substitution for that Director's remuneration under article clause 9.1.
- 9.3 A Director is also entitled to be reimbursed out of the funds of the Company such reasonable travelling, accommodation and other expenses as the Director may incur when travelling to or from meetings of the Directors or a Committee or when otherwise engaged on the business of the Company.

10 Vacation of office and conflict of interest

Vacation of office

- 10.1 The office of a Director is automatically vacated if the Director:
- (a) ceases to be a Director by virtue of, or becomes prohibited from being a Director because of an order made under, the Corporations Law;
 - (b) becomes bankrupt or insolvent or makes an arrangement or composition with creditors of the Director's joint or separate estate generally;
 - (c) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under a law relating to mental health;
 - (d) resigns office by notice in writing to the Company or refuses to act;
 - (e) is not present personally or by an Alternate Director or by a proxy appointed under article clause 12.7 at the meetings of the Directors for a continuous period of three months without leave of absence from the Directors;
 - (f) is removed from office by Icon Water in accordance with article clause 8.7; or
 - (g) vacates office in accordance with article clause 8.8.

Director's interests

- 10.2 Each Director must disclose his or her interests to the Company in accordance with the Corporations Law and the

Secretary must record any such declaration in the minutes of the relevant meeting.

- 10.3 No Director may vote or take part in the debate in respect of a contract in which the Director has a material interest and if the Director does so vote his or her vote may not be counted although the Director may be counted in the quorum present at any Directors' meeting at which the contract is considered.
- 10.4 A Director may, notwithstanding his or her interest, and whether or not the Director is entitled to vote or does vote, participate in the execution of any instrument by or on behalf of the Company whether through signing or sealing the same or otherwise.
- 10.5 A Director may, notwithstanding the Director's office and the fiduciary relationship established by it:
- (a) hold an office or place of profit (except that of Auditor) under the Company, a Related Body Corporate of the Company or any other body corporate in which the Company is a member or otherwise interested;
 - (b) enter into a contract with the Company as vendor, purchaser or otherwise and participate in any association, institution, fund, trust or scheme for past or present employees or Directors of the Company, a Related Body Corporate of the Company or any of their respective predecessors in business or their dependants or persons connected with them; and
 - (c) retain for the Director's own benefit any profit arising from any such office, place of profit or contract and any pension, allowance or other benefit received because of that participation.
- 10.6 A contract entered into by or on behalf of the Company is not void or voidable by reason only that a Director is in any way directly or indirectly interested in it.
- 10.7 An interested Director may attest the affixing of the Seal to a contract or any other document.
- 10.8 In this ~~article~~clause 10, where the context admits, **contract** includes an arrangement and a proposed contract or arrangement.

Interests of the holding company

- 10.9 A director is entitled to act in the best interests of Icon Water as contemplated by section 187 of the Corporations Law.

11 Powers of directors

- 11.1 The management of the business of the Company is vested in the Directors who may exercise all such powers of the Company as are not, by the Corporations Law or by this Constitution, required to be exercised by the Company in general meeting, but the Directors may not sell or dispose of the Company's main undertaking unless the sale or disposal is subject to ratification by Icon Water.
- 11.2 In exercising their powers under ~~article~~ clause 11.1, the Directors must act in accordance with Icon Water's Statement of Corporate Intent.

12 Proceedings of directors

Meetings

- 12.1 The Directors may meet for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit.

Quorum

- 12.2 Until otherwise determined by the Directors, the Specified Number of Directors present in person or by proxy are a quorum.
- 12.3 An interested Director is to be counted in a quorum notwithstanding the Director's interest.

Effect of vacancy

- 12.4 The continuing Directors may act notwithstanding a vacancy in their number but, if and so long as their number is reduced below the minimum fixed by ~~article~~ clause 8.1, the continuing Directors may, except in an emergency, act only for the purpose:
- (a) subject to ~~article~~ clause 8.6, of filling vacancies to the extent necessary to bring their number up to that minimum; or
 - (b) of summoning a general meeting.

Convening meetings

- 12.5 A Director may, and the Secretary on the request of a Director must, convene a meeting of the Directors.
- 12.6 A Director who is not in Australia is not entitled to notice of a meeting of Directors.

Appointment of proxy

- 12.7 A Director may attend and vote by proxy at a meeting of the Directors if the proxy is a Director and has been appointed by writing under the signature of the appointer. Such an appointment may be general or for any particular meeting or

meetings. A Director present as a proxy for another Director who would be entitled to vote if present at the meeting has one vote as proxy for that other Director and one vote as a Director in their own right.

Chair and Deputy Chair

- 12.8 Icon Water is to appoint a Chair, and may appoint a Deputy Chair. Icon Water may determine the period during which each is to hold office.
- 12.9 Subject to Icon Water's approval, the Chair or Deputy Chair may be removed from that office by a resolution of the Directors of which not less than 14 days' notice has been given to all the Directors for the time being in Australia.
- 12.10 The Chair is entitled to preside at meetings of the Directors but, if the Chair is not present and able and willing to act within 15 minutes after the time appointed for a meeting or has signified an intention not to be present and able and willing to act, the following may preside (in order of entitlement): the Deputy Chair, a Director chosen by a majority of the Directors present.

How questions decided

- 12.11 Questions arising at a meeting of the Directors are to be decided by a majority of votes and in the event of an equality of votes the chair of the meeting will have a casting vote. The chair has a discretion both as to whether or not to use the casting vote and as to the way in which it is used.

Committees

- 12.12 The Directors may delegate any of their powers to Committees consisting of such Directors and other persons as they think fit and may revoke that delegation.
- 12.13 A Committee in the exercise of the powers so delegated is to conform to any regulations imposed by the Directors.
- 12.14 Subject to ~~article~~ clause 12.13, the meetings and proceedings of a Committee consisting of two or more Directors are governed by the provisions of this Constitution as to the meetings and proceedings of the Directors so far as they are applicable.

Written resolution

- 12.15 Subject to the Corporations Law, a resolution in writing signed by all the Directors who are for the time being in Australia or all the members of a Committee who are for the time being in Australia, in either case being at least a quorum, is as valid and effectual as if it had been passed at a meeting of the Directors or Committee duly called and constituted at the time the resolution was last signed and may consist of several documents in like form each signed by one or more of the Directors or members.

Use of technology

- 12.16 A Directors' meeting may be called or held using any technology consented to by each Director. The consent may be a standing one. A Director may only withdraw consent within a reasonable period before the meeting.

Validity of acts of Directors

- 12.17 All acts of the Directors, a Committee or a person acting as a Director or Committee or member of a Committee are valid notwithstanding that it is afterwards discovered that there was some defect in the appointment, election or qualification of them or any of them or that they or any of them were disqualified or had vacated office.

13 Managing and Executive Directors

Appointment and removal

- 13.1 The Directors may with Icon Water's prior approval appoint one or more of their number to the office of Managing Director or Executive Director either for a fixed term or without limitation as to period of appointment but not for life, and may with like approval remove a person so appointed and appoint another instead.
- 13.2 A Managing Director or Executive Director, subject to the provisions of any contract with the Company, is subject to the same provisions as to resignation and removal as the other Directors and automatically ceases to be a Managing Director or Executive Director on ceasing to be a Director.

Remuneration

- 13.3 The Directors may with Icon Water's prior approval determine the remuneration of a Managing Director or Executive Director.

Powers

- 13.4 The Directors may with Icon Water's approval confer on a Managing Director or Executive Director such of the powers conferred on the Directors by this Constitution, for such time, to be exercised for such purposes, on such terms and with such restrictions as they think fit and all or any of those powers may be conferred collaterally with but not to the exclusion of the powers of the Directors and may with the like approval be revoked or varied by the Directors.

14 Alternate Directors

- 14.1 Subject to the Corporations Law, a Director (**appointer**) may appoint a person approved by Icon Water and the ~~voting~~ Voting Shareholders to act as an Alternate Director in the appointer's place whether for a stated period or

periods or until the happening of a specified event or from time to time.

14.2 An Alternate Director:

- (a) may be removed or suspended from office by Icon Water or by writing under the appointer's hand or by notice in writing from the appointer;
- (b) subject to this Constitution is entitled to receive notice of meetings of the Directors and to attend and vote if the appointer is not present and, if also a Director in the Alternate Director's own right or Alternate Director for another Director as well, to have a separate vote on behalf of the appointer in addition to the Alternate Director's own or that other Director's vote;
- (c) may exercise all the powers except the power to appoint an Alternate Director and, subject to the Corporations Law, perform all the duties of the appointer in so far as the appointer has not exercised or performed them;
- (d) automatically ceases to be an Alternate Director if the appointer ceases to be a Director;
- (e) whilst acting as a Director is responsible to the Company for the Alternate Director's own acts and defaults and the appointer is not responsible for them;
- (f) may not receive any remuneration from the Company as a Director except for any special services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director; and
- (g) may not be taken into account separately from the appointer in determining the number of Directors.

15 Secretary

A Secretary holds office on such terms and conditions, as to remuneration and otherwise, as the Directors determine. The Directors may appoint a Deputy Secretary, who may act as company secretary while the Secretary is in any way incapable of acting as company secretary, or a person as an acting Secretary or as a temporary substitute for the Secretary.

16 Authentication of documents

Company seals

- 16.1 The Company may have:
- (a) a common seal; and
 - (b) a duplicate common seal, which must be a copy of the common seal with the words “duplicate seal”, “share seal” or “certificate seal” added.
- 16.2 The Directors must provide for the safe custody of all Seals in such manner as they think fit.

Use of a Seal

- 16.3 A Seal may be affixed to a document only by the authority of the Directors or a Committee of the Directors authorised by the Directors in that regard.
- 16.4 Every document to which a Seal is affixed must be signed by a Director and countersigned by the Secretary or a second Director or some other person appointed generally or in a particular case by the Directors for that purpose.

Signatures by mechanical means

- 16.5 The Directors may determine generally or in a particular case that the signature of a Director, Secretary or other person appointed by the Directors for the purpose of signing documents to which a Seal is affixed may be written by a specified mechanical means on documents which bear evidence of examination by the Auditor.

Negotiable instruments

- 16.6 Cheques, bills of exchange, promissory notes and other negotiable instruments may be signed, accepted, drawn, made or endorsed on behalf of the Company in such manner and by such persons (whether Directors or officers of the Company or not) as the Directors determine but not otherwise.

17 Reserves

- 17.1 The Directors may before declaring or paying a dividend set aside out of the profits of the Company such sums as they think proper as reserves to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may properly be applied.
- 17.2 Pending any such application, the reserves may at the discretion of the Directors be used in the business of the Company or be invested in such investments as the Directors think fit.

- 17.3 The Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends, without transferring those profits to a reserve.

18 Dividends

Calculation and apportionment

- 18.1 Subject to this Constitution, the profits of the Company which it is determined to distribute in accordance with this ~~article~~clause by way of dividend are to be applied in payment of dividends on the Shares in proportion to the amounts Paid on them respectively.
- 18.2 Except in the case of Shares issued on terms providing to the contrary, all dividends are to be apportioned and paid proportionately to the amounts Paid on the Shares during any portion or portions of the period in respect of which the dividend is declared.

Directors' powers

- 18.3 The Directors may declare interim and final dividends, and fix the time for their payment, by agreement between the Directors and the ~~voting shareholders~~Voting Shareholders or, failing agreement, as the ~~voting shareholders~~Voting Shareholders direct in writing.
- 18.4 A dividend does not bear interest against the Company.
- 18.5 A declaration by the Directors as to the amount of the profits available for dividend is conclusive and binding on Icon Water.

Effect of transfer

- 18.6 A transfer of Shares does not pass the right to a dividend or other distribution declared or made on them after the transfer and before its registration.

Distribution of specific assets

- 18.7 The Directors may, with the approval of the ~~voting shareholders~~Voting Shareholders, resolve that a dividend payable in respect of any particular Shares be satisfied wholly or partly by a distribution of specific assets, including paid up shares in or debentures of another body corporate, and that the dividend payable in respect of other Shares be paid in cash.

19 Capitalisation of profits

- 19.1 The Directors may, with Icon Water's prior consent, resolve that any moneys, investments or other assets:
- (a) ~~(a)~~ forming part of the undivided profits of the Company;

- (b) ~~(b)~~-standing to the credit of a reserve;
- (c) in the hands of the Company and available for dividend; or
- (d) representing premiums received and standing to the credit of a Share premium account,

be capitalised and applied, in any of the ways mentioned in ~~article~~clause 19.2, for Icon Water's benefit.

19.2 The ways in which moneys, investments or other assets referred to in ~~article~~clause 19.1 may be applied for Icon Water's benefit under that ~~article~~clause are:

- (a) ~~(a)~~—in paying any amounts (including any premium) unpaid on Shares held by Icon Water;
- (b) ~~(b)~~—in paying up in full (including any premium) unissued Shares or debentures to be issued to Icon Water as fully Paid;- or
- (c) ~~(c)~~partly as mentioned in ~~article~~clause 19.2(a) and partly as mentioned in ~~article~~clause 19.2(b).

19.3 The Directors must do all things necessary to give effect to a resolution under ~~article~~clause 19.1.

20 Inspection of books

Icon Water and the ~~voting shareholders~~Voting Shareholders may at any time inspect the books and documents of the Company or any of them.

21 Service of notices

21.1 A notice may be delivered or served by the Company either personally or by sending it:

- (a) ~~(a)~~in the case of an address outside Australia, by airmail post or courier; and
- (b) ~~(b)~~in any other case, by ordinary post, courier or hand delivery.

21.2 A notice sent by post, courier or hand delivery is to be deemed received or served on the day next following that on which it was posted, couriered or hand delivered and in proving delivery or service it is sufficient to prove that the envelope or wrapper containing the document was properly addressed and, if applicable, stamped and was posted.

21.3 A notice may be served by the Company on a person receiving notice under this Constitution by sending it by facsimile or electronic notification mail to that person at the person's address notified to the Company for that purpose. A notice so sent is to be deemed served:

- (a) if transmitted by facsimile, on the day following production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the person's facsimile number; or
- (b) if transmitted by electronic mail, on the day following the other party acknowledging receipt by any means in person, by phone or by message which indicates the electronic mail was received.

21.4 Subject to the Corporations Law:

- (a) if a given number of days' notice or notice extending over any other period is required to be given, the day on which the notice is to be deemed served and in case of a notice convening a meeting the day on which the meeting is to be held are to be excluded in calculating the number of days or other period; and
- (b) if this Constitution requires or permits a notice to be given by the Company, the Directors, a Director or the Secretary, neither accidental omission to give the notice nor non-receipt of the notice invalidates the meeting, resolution, procedure or matter to which the notice relates.

22 Winding up

Distribution of assets

- 22.1 When the Company is wound up, the assets available for distribution are to be paid to Icon Water.
- 22.2 When the Company is wound up the liquidator may with Icon Water's approval:
 - (a) distribute the whole or any part of the Company's assets (whether consisting of property of the same sort or not) in kind to Icon Water and for that purpose set such value as the liquidator considers fair on the property so distributed; and
 - (b) vest the whole or any part of the Company's assets (whether consisting of property of the same sort or not) in trustees on such trusts for the benefit of Icon Water,

but Icon Water may not be compelled to accept any Shares in a body corporate or other securities in respect of which there is a liability.

23 Indemnity and insurance

Indemnity

23.1 Every person who is or has been

- (a) a Director; or
- (b) a Secretary;

is entitled to be indemnified out of the property of the Company against:

- (c) every liability incurred by the person in that capacity (except a liability for legal costs); and
- (d) all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity,

unless:

- (e) the Company is forbidden by statute to indemnify the person against the liability or legal costs; or
- (f) an indemnity by the Company of the person against the liability or legal costs would, if given, be made void by statute.

23.2 The amount of any indemnity payable under ~~article clause~~ 23.1 will include an additional amount (**GST Amount**) equal to any GST payable by the officer being indemnified (**Indemnified Officer**) in connection with the indemnity (less the amount of any input tax credit claimable by the Indemnified Officer in connection with the indemnity). Payment of any indemnity which includes a GST Amount is conditional upon the Indemnified Officer providing the Company with a GST tax invoice for the GST Amount.

Insurance

23.3 The Company may pay or agree to pay, whether directly or through an interposed entity, a premium for a contract insuring a person who has or has had a capacity mentioned in paragraph (a) or (b) of ~~article clause~~ 23.1 against liability incurred by the person in that capacity, including a liability for legal costs, unless:

- (a) the Company is forbidden by statute to pay or agree to pay the premium; or

- (b) the contract would, if the Company paid the premium, be made void by statute.

24 General overriding provisions – Territory-owned Corporations Act

- 24.1 This Constitution may not be altered in a way that is inconsistent with the provisions of Schedules 2 and 3 of the Territory-owned Corporations Act unless and until a resolution approving the alteration or addition has been passed by the Legislative Assembly.
- 24.2 The provisions of the Territory-owned Corporations Act prevail over any inconsistent provisions of this Constitution that have not been approved by the Legislative Assembly.
- 24.3 The Company, its Directors and the ~~voting~~ Voting Shareholders must comply with the Territory-owned Corporations Act.
- 24.4 The Company must ensure that the constitution of its subsidiaries (if any) at all times contain provisions to the effect of those required by Schedules 2 and 3 to the Territory-owned Corporations Act.
- 24.5 The Company must, to the maximum extent practicable, ensure that any subsidiary complies with the constitution of the subsidiary and with the requirements of the Territory-owned Corporations Act.

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Icon Retail Investments Limited ACN 074 371 207

Special Resolution of sole member under section 249B(1) of the *Corporations Act 2001* to change the company Constitution

1. Icon Water Limited (ACN 069 381 960), as a sole member/shareholder of Icon Retail Investments Limited (IRIL), resolves to change the IRIL company Constitution (the Constitution) as shown in the attached Constitution (in track changes).

In summary, the Constitution has been amended to increase the number of directors, modernise the language and tidy up typographical errors as follows:

- (a) Amending the definition of 'Specified Number' in clause 1.1 to change the quorum for director's meetings to four while the number of Directors in office is six or seven, five while the number of Directors in office is eight, and otherwise three, in order to align with the Icon Water Limited Board.
- (b) Amending clause 8.1 'Number of Directors' to allow for up to eight Directors (with a minimum of four Directors) on the IRIL Board.
- (c) Providing for notifications to be sent by courier, hand delivery and electronic mail in addition to the current modes of post and facsimile in clauses 1.2(d), 1.7 and 21.
- (d) Removal of references to redundant technology such as telegrams in clause 1.2(d).
- (e) Minor administrative changes including:
 - (i) substituting references to 'articles' with the term 'clauses'
 - (ii) capitalising the term 'voting shareholders' throughout the constitution
 - (iii) replacing the term 'to' with 'do' in clause 1.6.

Signed for Icon Water Limited (ACN: 069 381 960)
by a representative appointed under section 250D
of the *Corporations Act 2001*:

Date _____

Signed _____

Name John Knox, Managing Director

Corporations Act

Constitution

of

Icon Retail Investments Limited
ACN 074 371 207

a company limited by shares

(as amended to reflect changes made ~~5 May 2015~~ 15 December 2016)

Corporations Act

Constitution

of

Icon Retail Investments Limited ACN 074 371 207

a company limited by shares

1 Preliminary

Definitions

- 1.1 The following words have these meanings in this Constitution unless the contrary intention appears.

ACT Self-Government Act means the *Australian Capital Territory (Self-Government) Act 1988* of the Commonwealth.

Alternate Director means a person appointed as alternate director under article clause 14.

Auditor means the auditor for the time being of the Company.

Chair means the chair of the board of directors of the Company and **Deputy Chair** means the deputy chair of the board.

Charge includes a mortgage.

Chief Minister means the Chief Minister for the Territory elected under section 40 of the ACT Self-Government Act.

Committee and **Committee of Directors** mean any Director or Directors acting as a committee of Directors.

Company means Icon Retail Investments Limited.

Constitution means this Constitution as amended from time to time.

Corporations Law means the *Corporations Act 2001* (Cth).

Director means a director of the Company, and where appropriate includes an Alternate Director.

Directors means all or some of the Directors acting as a board.

Executive Director means a person appointed as executive director under ~~article~~ clause 13.

Icon Water means Icon Water Limited.

Icon Water's Statement of Corporate Intent (and any subsequent approved modification thereof) means the current statement prepared in relation to Icon Water, or in relation to Icon Water and one or more subsidiaries, pursuant to section 19(2)(d) of the Territory-owned Corporations Act, as modified from time to time in accordance with that Act.

Legislative Assembly means the Legislative Assembly for the Territory established by section 8 of the ACT Self-Government Act.

Managing Director means a person appointed as managing director under ~~article~~ clause 13, and where appropriate includes an assistant managing director or an acting managing director.

Minister means the Chief Minister or a Minister appointed under section 41 of the ACT Self-Government Act.

Paid, in relation to Shares and capital, includes credited as paid.

Register means the register of holders of Shares kept in accordance with the Corporations Law, and where appropriate includes a branch register.

Registered Office means the registered office for the time being of the Company.

Related Body Corporate and Subsidiary have the same meanings as in the Corporations Law.

Seal includes the common seal of the Company and any duplicate common seal of the Company.

Secretary means a person appointed as a secretary of the Company, and where appropriate includes an acting secretary and a person appointed by the Directors to perform all or any of the duties of a secretary of the Company.

Share means an issued share of the Company.

Specified Number means ~~one-half of the number of Directors from time to time (rounded up)~~ four while the number of Directors in office is six or seven, five while the number of Directors is eight, and otherwise three.

Territory has the same meaning as in the ACT Self-Government Act.

Territory-owned Corporations Act means the *Territory-owned Corporations Act 1990* of the Territory.

Voting shareholders ~~Shareholders~~ means the persons who from time to time hold one or more shares in Icon Water that confer the right to vote at general meetings of Icon Water.

Interpretation

- 1.2 In this Constitution unless the contrary intention appears:
- (a) the word **person** includes a firm, a body corporate, an unincorporated association or an authority;
 - (b) the singular includes the plural and vice versa;
 - (c) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
 - (d) a reference to writing includes typewriting, printing, ~~telegram,~~ facsimile, electronic mail and other modes of representing or reproducing words in a visible form;
 - (e) a reference to a section is a reference to a section of the Corporations Law; and
 - (f) a reference to the Corporations Law or to a provision of the Corporations Law, means the Corporations Law or that provision as amended from time to time, or any statute, code or provision enacted in its place, whether by the Australian Capital Territory or the Commonwealth of Australia, and includes regulations and other instruments under it.
- 1.3 Headings are inserted for convenience and do not affect the interpretation of this Constitution.
- 1.4 Powers conferred on the Company, the Directors, a Committee of Directors, a Director or a holder of Shares may be exercised at any time and from time to time.
- 1.5 **Including, includes** and **in particular** do not limit the generality of the subject matter which precedes them or to which they refer.

Replaceable rules

- 1.6 The provisions of the Corporations Law that apply as replaceable rules are displaced by this Constitution and accordingly ~~to~~ do not apply to the Company.

Notice from Icon Water

- 1.7 Icon Water may exercise a power or give its consent for a purpose under this Constitution by notice in writing, either under its common seal or signed by any two of its directors, delivered to or sent by facsimile or electronic mail addressed to the Company at the Registered Office or any business office of the Company and marked for the attention of the Chair or the Secretary.

2 Objects

The objects for which the Company is established are to:

- (a) procure and supply gas, electricity and related products and services;
- (b) promote and market gas, electricity, water and sewerage services and related products and services;
- (c) provide billing services;
- (d) enter into a partnership or other form of joint venture to achieve its objects; and
- (e) undertake any other related business or activity which may be undertaken by a natural person.

3 Shares

Issue of Shares and grant of options

- 3.1 Subject to the Corporations Law, this Constitution, any special rights conferred on the holders of any Shares or class of Shares and the prior consent of Icon Water:

- (a) the issue of Shares is under the control of the Directors;
- (b) the Directors may allot or otherwise dispose of them with such preferred, deferred or other rights and subject to such restrictions as to dividends, voting, return of capital, payment of calls or otherwise on such terms as they think fit; and
- (c) the Directors may grant an option over Shares during such time and for such consideration as they think fit,

but, with the exception of the Shares held by the subscribers to this Constitution on the Company's incorporation, no Share or Shares or option over a Share or Shares may be issued or granted to a person other than Icon Water.

Preference Shares

- 3.2 The Company may not issue any preference Shares nor may any issued Shares be converted into preference Shares.

Shares held by Minister

- 3.3 A Minister ceases to be eligible to hold Shares in the Company on ceasing to be a Minister, and may then exercise no right as a holder of Shares (except to transfer their Shares as directed by the Chief Minister, which they must do on receipt of that direction).

4 Transfer of shares**Registration**

- 4.1 A transfer of Shares must not be registered unless there has been lodged with the Company a proper instrument of transfer duly stamped if necessary, executed by the transferor (subject to ~~article clause~~ 4.8) and the transferee.
- 4.2 In the case of a transfer of partly paid Shares the transfer may not be registered unless it is endorsed by, or accompanied by an instrument executed by, the transferee to the effect that the transferee agrees to accept the Shares subject to the terms on which the transferor held them and to be bound by this Constitution.
- 4.3 Subject to ~~article clause~~ 3.3, the transferor remains the holder of the Shares for all purposes until the name of the transferee is entered in the Register.

Instruments of transfer

- 4.4 Subject to any applicable law an instrument of transfer must be in a usual or common form or in any other form acceptable to the Directors and must be delivered to the Company for registration accompanied by the certificate for the Shares to be transferred.

Restrictions on transfer

- 4.5 Subject to ~~article clause~~ 4.8, the Directors may not register any transfer of Shares.
- 4.6 If the Directors refuse to register a transfer, they must send notice of the refusal to the transferee within two months from the date on which the transfer was lodged with the Company.

~~Consent of voting~~ Voting shareholders ~~Shareholders~~

- 4.7 Shares may not be issued or transferred unless the ~~voting~~ Voting shareholders ~~Shareholders~~ have consented in writing.

Chief Minister's power to transfer

- 4.8 The Chief Minister may execute a transfer of an issued Share whether or not the holder of the Share consents and, in the case of a person who, at the time of becoming a shareholder in the Company, was a Minister, whether or not the person still

holds office as a Minister, and the Company must register a transfer signed by the Chief Minister that is accompanied by a declaration that the signature of the transferor cannot readily be obtained.

5 Share capital

The Company may deal with its Share capital in any manner authorised by law.

6 Borrowing powers

The Directors may, subject to the provisions of the Territory-owned Corporations Act, exercise all the Company's powers to borrow and raise money and secure any debts, liabilities, contracts or obligations incurred or undertaken by the Company in such manner and on such terms as they think fit.

7 General meetings

Where:

- (a) all Shares are held by Icon Water; and
- (b) a resolution is signed under section 249B by a representative of Icon Water authorised under section 250D stating that any act, matter or thing, or any ordinary or special resolution, required by the Corporations Law or by this Constitution to be made, performed or passed by or at a general meeting of the Company has been made, performed or passed,

then that act, matter, thing or resolution shall, for all purposes, have been duly made, performed or passed by or at a general meeting of the Company.

8 Directors

Number of Directors

- 8.1 The number of Directors must not be less than ~~three~~four nor, until otherwise determined by Icon Water, more than ~~four~~eight.

No share qualification

- 8.2 A Director does not require a share qualification.

Appointment

- 8.3 Subject to ~~article~~clause 8.6, Icon Water may by notice to the Company appoint a person as a Director either to fill a casual vacancy or as an additional Director.

8.4 Each person holding office as a Director at the date on which this Constitution comes into operation or, if there are no persons so holding office on that date, each person previously nominated in writing by Icon Water is to be deemed appointed by Icon Water under article 8.3.

8.5 Subject to ~~article clause~~ 8.6, the Directors may appoint a person as a Director to fill a casual vacancy.

~~Consent of voting~~ Voting shareholders ~~Shareholders~~

8.6 A person may not be appointed as a Director unless the ~~voting~~ Voting shareholders ~~Shareholders~~ consent to the appointment.

Removal

8.7 Icon Water may by notice to the Company remove any Director from office.

Casual vacancy

8.8 Where:

- (a) an appointment referred to in section 12(3) of the Territory-owned Corporations Act is made; and
- (b) the ~~voting~~ Voting shareholders ~~Shareholders~~ have not complied with section 12(2) of the Territory-owned Corporations Act;

the Director appointed holds office:

- (c) until the expiry of a period of 90 days from the day of appointment; or
- (d) until the Director ceases to hold office for any other reason;

whichever first occurs.

9 Remuneration and expenses

9.1 A Director is entitled to be paid out of the funds of the Company as remuneration for services as a Director such sum accruing from day to day as Icon Water determines.

9.2 If a Director, at the request of the Directors, performs additional or special duties for the Company, the Company may remunerate that Director by payment of a fixed sum or salary to be determined by Icon Water and that remuneration may be either in addition to or in substitution for that Director's remuneration under ~~article clause~~ 9.1.

9.3 A Director is also entitled to be reimbursed out of the funds of the Company such reasonable travelling, accommodation and other expenses as the Director may incur when travelling to or

from meetings of the Directors or a Committee or when otherwise engaged on the business of the Company.

10 Vacation of office and conflict of interest

Vacation of office

- 10.1 The office of a Director is automatically vacated if the Director:
- (a) ceases to be a Director by virtue of, or becomes prohibited from being a Director because of an order made under, the Corporations Law;
 - (b) becomes bankrupt or insolvent or makes an arrangement or composition with creditors of the Director's joint or separate estate generally;
 - (c) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under a law relating to mental health;
 - (d) resigns office by notice in writing to the Company or refuses to act;
 - (e) is not present personally or by an Alternate Director or by a proxy appointed under ~~article-clause~~ 12.7 at the meetings of the Directors for a continuous period of three months without leave of absence from the Directors;
 - (f) is removed from office by Icon Water in accordance with ~~article-clause~~ 8.7; or
 - (g) vacates office in accordance with ~~article-clause~~ 8.8.

Director's interests

- 10.2 Each Director must disclose his or her interests to the Company in accordance with the Corporations Law and the Secretary must record any such declaration in the minutes of the relevant meeting.
- 10.3 No Director may vote or take part in the debate in respect of a contract in which the Director has a material interest and if the Director does so vote his or her vote may not be counted although the Director may be counted in the quorum present at any Directors' meeting at which the contract is considered.
- 10.4 A Director may, notwithstanding his or her interest, and whether or not the Director is entitled to vote or does vote, participate in the execution of any instrument by or on behalf of the Company whether through signing or sealing the same or otherwise.

Folio 54 - Letter from Icon Water dated 21 December 2016 and reply by Treasurer dated 9 February 2017 advising of new arrangements for a new home service customer maintenance service.

Not Released. Exempt under S6(1) and S431(b) and 1(c)(i)



ACT
Government

Chief Minister, Treasury and
Economic Development

To: Treasurer
Minister for the Environment and Heritage

Subject: Icon Water 2016 AGM Draft Minutes

Critical date and reason

1. **24 January 2017.** For the Treasurer to sign a letter to Icon Water agreeing to the draft minutes of the AGM held on 7 September 2016.

Recommendation

2. It is recommended that the Voting Shareholders:
 - a) note the brief; and

NOTED/PLEASE DISCUSS

Andrew Barr MLA

NOTED/

Mick Gentleman MLA

Separate copy sent to Minister Gentleman to sign + note

- b) the Treasurer sign the letter to Icon Water Limited and each page of the AGM minutes at Attachment B, subject to the Treasurer's agreement that the draft minutes are an accurate record of the proceedings of the AGM.

SIGNED/NOT SIGNED/PLEASE DISCUSS



Andrew Barr MLA... 21 / 1 / 17

For Official Use Only

Supporting Reasoning Appointment Processes

3. The Managing Director of Icon Water, Mr John Knox wrote to the Voting Shareholders of Icon Water on 2 December 2016, seeking confirmation that the draft minutes are an accurate record of proceedings of the Icon Water Annual General Meeting (AGM) held on 7 September 2016 (Attachment A refers).
4. The letter is also addressed to Minister Gentleman as the new Shareholder in Icon Water. However, as the Minister was not a Shareholder at the time of the AGM and he not be in a position to comment on the draft minutes. Mr Corbell is no longer a Minister and it is not considered appropriate to seek his comments on the draft minutes. It will be sufficient for the Treasurer and the Chair to sign off on the draft minutes.
5. The letter also provides information that the Deputy Chief Minister requested at the meeting in regard to the impact of the decision of the Australian Energy Regulator and its effects on the maintenance and reliability of ActewAGL's electricity network. The information is for noting.
6. At Attachment B is a draft letter that has been prepared in anticipation that the Treasurer will accept the draft minutes as an accurate record of the proceedings of the AGM. The Treasurer to also sign each page of the AGM minutes.

Consultation and Communication

7. Nil

Financial

8. Nil.

Management of Other Risks

9. Nil.

Under Treasurer Clearance: David Nicol



20/1/17

Date: 19 January 2017

Action Officer: Phil Liddicoat

Phone: 70251



ACT
Government

Chief Minister, Treasury and
Economic Development

To: Treasurer
Minister for the Environment and Heritage

Subject: Icon Water 2016 AGM Draft Minutes

Critical date and reason

1. **24 January 2017.** For the Treasurer to sign a letter to Icon Water agreeing to the draft minutes of the AGM held on 7 September 2016.

Recommendation

2. It is recommended that the Voting Shareholders:
 - a) note the brief; and

NOTED/PLEASE DISCUSS

Andrew Barr MLA

NOTED/PLEASE DISCUSS

Mick Gentleman MLA

*LET'S KEEP AN EYE ON
THE STAFFING PRODUCTION!*

- b) the Treasurer sign the letter to Icon Water Limited and each page of the AGM minutes at Attachment B, subject to the Treasurer's agreement that the draft minutes are an accurate record of the proceedings of the AGM.

SIGNED/NOT SIGNED/PLEASE DISCUSS

Andrew Barr MLA..... / /



Andrew Barr MLA
Chief Minister

Member for Kurrajong
Treasurer
Minister for Economic Development
Minister for Tourism and Major Events

COPY

Mr John Knox
Managing Director
Icon Water Limited
GPO Box 366
CANBERRA ACT 2601


Dear Mr ~~Knox~~ ^{John}

Thank you for your letter of 2 December 2016 enclosing the draft minutes of the Icon Water Limited Annual General Meeting held on 7 September 2016.

I confirm that the draft minutes accurately reflect the proceedings of the meeting and can now be finalised.

Thank you also for the other information that was requested by the Deputy Chief Minister at the meeting.

Yours sincerely


Andrew Barr MLA
Chief Minister

24 JAN 2017





ACT
Government

Chief Minister, Treasury and
Economic Development

56A

To: Treasurer

Copy to: Minister for the Environment and Heritage

Subject: Icon Water limited 2017-18 Statement of Corporate Intent (SCI)

Critical date and reason

1. **9 February 2017.** To meet the 2017-18 Budget Process timetable.

Recommendation

2. That the Treasurer sign the letter at Attachment A notifying the Chair of Icon Water Limited of the process to be followed in preparing the 2017-18 SCI.

AGREED/NOT AGREED/PLEASE DISCUSS



Andrew Barr MLA.....7/2/17

NOTED/PLEASE DISCUSS



Mick Gentleman MLA.....7/2/17

Supporting Reasoning

3. Section 19 of the *Territory-owned Corporations Act 1990* (TOC Act) requires Territory owned Corporations to provide the Voting Shareholders with a draft SCI within 12 months of the previous draft SCI as specified by the Treasurer in writing.
4. Icon Water, previously submitted their draft 2016-17 SCI on 16 March 2016.
5. Subject to your agreement the following timetable is proposed for the preparation of Icon Water's 2017-18 SCI which is in keeping with the requirements of the TOC Act:
 - a. Draft SCI submitted to the Voting Shareholders by 16 March 2017.
 - b. Voting Shareholders to provide any comments within one month.
 - c. Icon Water must then consult with the Voting Shareholders if they do not support any comments provided by the Voting Shareholders.
 - d. Final SCI is to be provided to the Voting Shareholders within two months after the draft has been submitted ie by 16 May 2017 at the latest.
 - e. The Treasurer is required to table the final SCI within 15 sittings days, and it is proposed to have it tabled with the ACT Government Budget papers on or around 6 June 2017.
6. It is proposed that the Treasurer write to the Chair of Icon Water confirming the arrangements for preparing the 2017-18 SCI.
 - a. A draft letter has been prepared for your signature at Attachment A including the guidelines and template.
 - b. No substantive changes have been proposed to the guidelines from last year.

Consultation and Communication

7. Nil.

Financial

8. Nil

Management of Other Risks

9. Nil.

Under Treasurer Clearance: David Nicol  1/2/17
Executive Clearance: Stuart Friend, Director, Expenditure Review Division

31 January 2017
Action Officer: Tony Hays
Phone: 75062



Andrew Barr MLA
Chief Minister

Member for Kurrajong

Treasurer

Minister for Economic Development

Minister for Tourism and Major Events

Dr Michael Easson AM

Chair

Icon Water Limited

GPO Box 366

CANBERRA ACT 2601

Dear Dr ~~Easson~~ ^{Michael}

In keeping with Section 19 of the Territory-owned Corporations Act 1990 (TOC Act), I am writing to advise you of the arrangements applying to the preparation of the 2017-18 Statement of Corporate Intent (SCI).


I have attached for your appropriate action a copy of the latest guidelines at Attachment A together with the key financial measures template at Attachment B.

As was the case last year I intend to table the final SCI with the ACT Budget papers on or around 6 June 2017.

The Voting Shareholders may also like to meet with you and Icon Water's Managing Director after we have had the opportunity to consider the draft SCI. This would provide the opportunity to discuss our respective expectations in relation to Icon Water's future strategic objectives and key initiatives.

I suggest we decide on a meeting after Icon Water's draft SCI has been received by the Voting Shareholders.

Yours sincerely


Andrew Barr MLA
Treasurer

07 FEB 2017

AUSTRALIAN CAPITAL TERRITORY LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601, Australia GPO Box 1020, Canberra ACT 2601, Australia
Phone +61 2 6205 0011 Fax +61 2 6205 0157 Email barr@act.gov.au





Attachment A

GUIDE TO PREPARING 2017-18 STATEMENT OF CORPORATE INTENT

Purpose

To provide a guide to Icon Water Limited for preparing the 2017-18 Statement of Corporate Intent (SCI).

Background

Section 19 of the *Territory-owned Corporations Act 1990* (TOC Act) requires the Directors of the corporation to submit a draft SCI to the Voting Shareholders at least every 12 months. If a Territory-owned Corporation has any subsidiaries then the SCI must reflect the intentions of the group.

Timing and process

The draft 2017-18 SCI should be submitted to the Voting Shareholders by **16 March 2017**. Section 19(2) of the TOC Act then requires the Directors to consider any comments made by the Voting Shareholders within one month of the submission of the draft statement, that is, by **16 April 2017**.

The Directors must consult with the Voting Shareholders if they do not agree with the comments.

The final SCI is to be provided to the Voting Shareholders within two months after delivering the draft SCI, that is, by **16 May 2017** at the latest.

Contents of Statements of Corporate Intent

Section 20(1) of the TOC Act requires that each SCI contain, for the corporation and its subsidiaries for the financial year (i.e. 2017-18) to which it relates and each of the two following years, the following information:

- the commercial objectives of the group;
- a description of the main undertakings of the group;
- a description of the nature and scope of the activities to be undertaken;
- business and corporate strategies;

- the targets and performance measures against which the performance of the corporation or group may be judged in relation to its stated objectives; and
- any other information that the Voting Shareholders may have requested, in writing, the directors of the TOC to include in the statement.

The following is offered as a guide to the minimum information that should be provided under each of these categories. Further information should be included if it will assist the Voting Shareholders in understanding any significant action that the Territory-owned Corporation has taken or intends to take, including explanations of any significant variation to previously disclosed estimates, strategies or undertakings.

- *Strategic objectives:* A brief statement on the broad strategic objectives and the basis of the strategic objectives of the corporation and subsidiaries group.
- The strategic objectives should clearly align with the objectives stipulated by the TOC Act which include:
 - to operate at least as efficiently as any comparable business;
 - to maximise the sustainable return to the Territory on its investment in the corporation or subsidiary in accordance with the performance targets in the latest SCI;
 - to show a sense of social responsibility by having regard to the interests of the community; and
 - if the activities affect the environment to operate in accordance with the objective of ecologically sustainable development.
- The key strategic objectives should flow through to the detailed business or corporate plan. Performance against these objectives should be quantifiable to the extent possible or at least be capable of being objectively assessed to enable the Shareholders to form a view as to how well the business has performed in meeting the key performance targets.
- *Main undertakings:* A description of the core businesses undertaken by the group including a description of the main products and/or services.
 - as a major Icon Water investment it would be appropriate to include an explanation of Icon Water's investment policy in relation to ActewAGL
- *Nature and Scope of Activities:* Background on the size and type of market(s) in which the group operates; expected market trends; prevailing or potential risk factors; staffing profile; and a description of the structure that the group uses to conduct its businesses which would include a description of any business units or subsidiaries of the corporation.
- *Business and Corporate Strategies:* Key strategies for achieving group objectives, for managing change in the market place and to mitigate business and financial risks, including the following:

- Risk Factors: Include a separate section in the body of the SCI that identifies the broader range of major/high level risks, including enterprise risks, as well as the mitigation strategies for each;
- Staffing Structure: Include a section on the main organisational/staffing structure and commentary on any proposed organisational changes; and
- Improved Performance Measures: Review existing performance measures for possible improvement.
- *Targets and Performance Measures:* This component should include both financial and non-financial measures and an assessment of performance against projections in the previous year's SCI.
 - *Financial Forecasts:* Forecast financial statements including the Operating Statement, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity. The form and content of these statements is outlined in the section below.
 - Minimum key financial performance measures are described in Attachment B. Any strategy to maintain a high level of cash should be explained. The key assumptions used to underpin the financial forecasts should be identified including the potential impact of any regulatory decisions. Any benchmarking data as against other similar utilities should be included.
 - *Main Business Segments:* In the operating statement show segregated high level financial estimates and performance targets on each of the main business segments.
 - *Capital Expenditure:* Include a separate section and table identifying current and future major capital expenditure items by project and/or category. This information could include growth expenditure, asset renewal expenditure as well as ongoing operational maintenance programs.
 - *Financial Distributions:* Description of intended profit and/or capital distributions for the current year (i.e. 2016-17), the Budget year (ie 2017-18) and the three forward years (i.e. 2018-19 to 2020-21) including: dividend policy; dividend payout ratio and expected dividend amount; other capital distributions to the shareholders (e.g. capital repayments and special dividends); and extent to which debt or retained earnings are used to fund capital expenditure.
 - *Non-Financial Performance measures:* Include forecasts of service quality targets, market share and productivity targets, including relevant benchmarks that will give an adequate portrayal of how effectively the organisation uses its resources to deliver its services.
- Main Community Service Obligations: Clearly identify community service obligations including level of Government funding and any specific environmental objectives and programs. The SCI should include a separate table identifying each category with the total estimated expenditure for 2017-18 compared to 2016-17.

The information could also include an overview of planned sponsorship expenditure or other forms of community support.

Form and Content of the Financial Statements

The financial statements included in the 2017-18 SCI should have the same form and content as those used by the Territory-owned Corporation for its own planning purposes. The following information should be included:

- audited actual figures for 2015-16;
 - the projected outcome for the 2016-17 financial year; to be the same as those appearing in the Budget papers; and
 - budget for the financial year 2017-18 and projections for the three forward years; as appearing in the Budget papers.

Confidentiality

Section 19(3) of the TOC Act requires the Treasurer as the Portfolio Minister to present the final Statement of Corporate Intent before the Legislative Assembly within 15 sitting days after it has been received.

The Portfolio Minister may remove any commercially sensitive information before tabling the SCI to the Assembly. However, a statement must be made concurrently explaining the reason information has been deleted.

Please contact Mr Tony Hays, Senior Manager, Government Business Enterprises on 62075062 if the SCI is to contain any commercially sensitive material.

Key Financial Performance Measures

The following standard financial performance measures should be included in all Statements of Corporate Intent. However, if it is considered that alternative ratios would provide a clearer representation, please discuss with your Treasury Analyst and our office.

	<i>Actuals</i> 2015-16	<i>Projected</i> Outcome 2016-17	<i>Budget</i> 2017-18	<i>Estimate</i> 2018-19	<i>Estimate</i> 2019-20	<i>Estimate</i> 2020-21
Profitability						
Return on Total Assets						
Return on Equity						
Profit Margin						
Liquidity						
Current Ratio						
Cash Position						
Receivables Turnover						
Financial Stability						
Debt Ratio						
Gearing Ratio						
Capital Ratio						
Debt Management						
Interest Cover Ratio						

- *Return on Total Assets = EBIT (minus interest revenue)/ total assets*
- *Return on Equity = NPAT / total equity (Note: NPAT to include Gifted Assets)*
- *Profit Margin = (EBIT – interest revenue) / (Government & non-Government user charges + taxes, fees and fines – interest revenue)*
- *Current Ratio = current assets / current liabilities*
- *Cash Position = (cash + investments) / total assets*
- *Receivables Turnover = (Government & non-Government user charges + taxes, fees & fines) excludes subvention, interest income and energy investment / average receivables for period (relating to credit sales)*
- *Debt Ratio = total liabilities / total assets*
- *Gearing Ratio = total long term debt / long term debt + equity*
- *Capital Ratio = Total long term debt/equity*

- *Interest Cover Ratio = EBIT (before gross interest expense and excluding abnormal items) / annual interest payments*



Chief Minister, Treasury and Economic Development Directorate

UNCLASSIFIED

Tracking No.: CMTEDD2017/89

To: Treasurer

CC: Minister for the Environment and Heritage

From: Director, Expenditure Review Division

Date: 1 February 2017

Subject: Changes to the Constitutions for the Icon Water subsidiary companies

Critical Date: 8 February 2017

Critical Reason: To table on 14 February 2017 a summary of changes to the Constitutions of the Icon Water subsidiary companies.

• UT .../.../...

Tabled on 14 February 2017

Purpose:
For the Treasurer to approve the notification statement summarising the Constitution changes for the Legislative Assembly.

Recommendations
That the Treasurer:

1. Approve the Notification Statement to the Assembly at Attachment B; and

~~Agreed~~/Not Agreed/Please Discuss

Noted/Please Discuss

Andrew Barr MLA

[Redacted]

.....7/2/17

Mick Gentleman MLA

[Redacted]

7/2/17

2. Sign the letter to Icon Water at Attachment C.

~~Agreed~~ / Not Agreed / Please Discuss

Andrew Barr MLA

[Redacted]

.....7/2/17

Minister's Office Feedback

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Background

1. Mr John Knox, Managing Director of Icon Water Limited (Icon Water), wrote to the Voting Shareholders on 15 December 2016 to advise of changes to the Constitutions of Icon Water's subsidiary companies, namely Icon Distribution Investments Limited (IDIL) and Icon Retail Investments Limited (IRIL) (Attachment A refers).

Issues

2. The changes to the Constitutions include the following:
 - a. increase the maximum number of directors from four to eight (with a minimum of four) in order to align with the Icon Water Limited Board;
 - b. change the number of directors for a meeting's quorum to four while the total number of directors is six or seven, five while the total number is eight and otherwise three;
 - c. provide for notifications to be sent by courier, hand delivery and electronic mail in addition to the current modes of post and facsimile in clauses 1.2(d), 1.7 and 21;
 - d. remove references to redundant technology such as telegrams in clause 1.2(d); and
 - e. make minor administrative changes.
3. These amendments were approved by the Icon Water Board on 14 December 2016.
4. Under section 9(2) of the *Territory-owned Corporations Act 1990*, a statement summarising any change to the company's Constitutions must be presented to the ACT Legislative Assembly by the Portfolio Minister within 15 sitting days of the change.
5. In this case you are required to present a statement to the Assembly by 8 June 2017. It is proposed for you to table the notification during the sitting week commencing 14 February 2017. The draft notification Statement with a summary of the changes to the Constitutions is at Attachment B.
 - a. A Tabling Statement is not required and the Treasurer will be provided with a form of words to use when submitting the notification Statement.
6. A letter replying to Icon Water has been prepared for the Treasurer's signature at Attachment C.

Financial Implications

7. Nil.

Consultation

Internal

8. Nil.

UNCLASSIFIED

Cross Directorate

9. GSO.

External

10. Icon Water Limited.

Benefits/Sensitivities

11. Bring up to date the Constitutions of the two Icon Water subsidiary companies.

Media Implications

12. Nil.

Signatory Name: Stuart Friend

Phone: 70213

Action Officer: Tony Hays

Phone: 75062

Attachments

Attachment	Title
Attachment A	Letter from Icon Water dated 15 December 2016
Attachment B	Notification Statement
Attachment C	Draft Letter to Icon Water to be signed

2017

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**Section 9(2)(b)
*TERRITORY-OWNED CORPORATIONS ACT 1990***

STATEMENT TO THE ASSEMBLY

**Circulated by the authority of
Mr Andrew Barr MLA
Treasurer**

Summary of changes to the constitutions of the subsidiary companies of Icon Water Limited

1. Icon Water Limited (ACN 069 381 960), as a sole shareholder of Icon Distribution Investments Limited (IDIL) (ACN 073 025 224), on 14 December 2016, resolved to amend the constitution of IDIL to:
 - a. increase the minimum number of directors from three to four and the maximum number of directors from four to eight.;
 - b. change the number of directors for a meeting's quorum to four while the total number of directors in office is six or seven, five while the total number is eight and otherwise three in order to align with the Icon Water Board;
 - c. provide for notifications to be sent by courier, hand delivery and electronic mail in addition to the current modes of post and facsimile in clauses 1.2(d), 1.7 and 21;
 - d. remove references to redundant technology such as telegrams in clause 1.2(d); and
 - e. make minor administrative changes including:
 - (i) substituting references to "articles" with the term "clauses"
 - (ii) capitalising the term "voting shareholders" throughout the constitution
 - (iii) replacing the term "to" with "do" in clause 1.6
 - (iv) correcting sub-paragraph numbering in the subclauses of clauses 19 and 21.

2. Icon Water Limited (ACN 069 381 960), as a sole shareholder of Icon Retail Investments Limited (IRIL) (ACN 074 371 207), on 14 December 2016, resolved to amend the constitution of IRIL to:
 - a. increase the minimum number of directors from three to four and the maximum number of directors from four to eight;
 - b. change the number of directors for a meeting's quorum to four while the total number of directors in office is six or seven, five while the total number is eight and otherwise three in order to align with the Icon Water Board;
 - c. provide for notifications to be sent by courier, hand delivery and electronic mail in addition to the current modes of post and facsimile in clauses 1.2(d), 1.7 and 21;
 - d. remove references to redundant technology such as telegrams in clause 1.2(d); and
 - e. make minor administrative changes including:
 - (i) substituting references to "articles" with the term "clauses"
 - (ii) capitalising the term "voting shareholders" throughout the constitution
 - (iii) replacing the term "to" with "do" in clause 1.6.



Andrew Barr MLA Chief Minister

Member for Kurrajong

Treasurer

Minister for Economic Development

Minister for Tourism and Major Events

Mr John Knox
Managing Director
Icon Water Limited
GPO Box 366
CANBERRA ACT 2601

Dear Mr Knox

Thank you for your letter of 15 December 2016 advising the Voting Shareholders of the approved changes to the constitutions of Icon Water's two subsidiary companies.

Under the *Territory-owned Corporations Act 1990* I am required to provide a summary of the changes to the Legislative Assembly within 15 sitting days of the changes being made. Action is in hand to table this information in the first sitting week in February 2017.

In relation to your request to appoint Ms Carol Lilley, Dr Thomas Parry and Ms Jenny Goddard to the boards of both subsidiaries, I will arrange for these appointments to be included in the subsequent Cabinet Submission dealing with the replacement directors created by the departures of Dr Michael Easson, Mr Allan Hawke and Ms Jenny Goddard. I anticipate these appointments can be completed by early May 2017.

In the meantime, and to ensure that there are a minimum of four directors on the Boards of each subsidiary as required by their Constitutions, the Voting Shareholders have approved a 90 day temporary appointment of Ms Wendy Caird and Ms Carol Lilley to both subsidiary companies as from 17 March 2017.

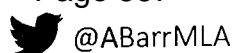
Yours sincerely

Andrew Barr MLA
Chief Minister

AUSTRALIAN CAPITAL TERRITORY LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601, Australia GPO Box 1020, Canberra ACT 2601, Australia
Phone +61 2 6205 0011 Fax +61 2 6205 0157 Email barr@act.gov.au

Page 567



@ABarrMLA



AndrewBarrMLA



andrewbarr





Andrew Barr MLA
Chief Minister

Member for Kurrajong
Treasurer
Minister for Economic Development
Minister for Tourism and Major Events

Mr John Knox
Managing Director
Icon Water Limited
GPO Box 366
CANBERRA ACT 2601

Dear Mr Knox

John

Thank you for your letter of 15 December 2016 advising the Voting Shareholders of the approved changes to the constitutions of Icon Water's two subsidiary companies.

Under the *Territory-owned Corporations Act 1990* I am required to provide a summary of the changes to the Legislative Assembly within 15 sitting days of the changes being made. Action is in hand to table this information in the first sitting week in February 2017.

In relation to your request to appoint Ms Carol Lilley, Dr Thomas Parry and Ms Jenny Goddard to the boards of both subsidiaries, I will arrange for these appointments to be included in the subsequent Cabinet Submission dealing with the replacement directors created by the departures of Dr Michael Easson, Mr Allan Hawke and Ms Jenny Goddard. I anticipate these appointments can be completed by early May 2017.

In the meantime, and to ensure that there are a minimum of four directors on the Boards of each subsidiary as required by their Constitutions, the Voting Shareholders have approved a 90 day temporary appointment of Ms Wendy Caird and Ms Carol Lilley to both subsidiary companies as from 17 March 2017.

Yours sincerely



Andrew Barr MLA
Chief Minister

07 FEB 2017

AUSTRALIAN CAPITAL TERRITORY LEGISLATIVE ASSEMBLY

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MINISTERIAL BRIEF

Chief Minister, Treasury and Economic Development Directorate

UNCLASSIFIED

To: Treasurer Tracking No.: CMTEDD2017/178

CC: Minister for the Environment and Heritage

From: Director, Expenditure Review Division

Date: 16 February 2017

Subject: Voting Shareholder Quarterly Meeting with Icon Water

Critical Date: 17 February 2017

Critical Reason: To provide a brief to the Voting Shareholders for the above meeting to be held on 21 February 2017.

- UT .../.../...

Purpose: To Brief the Voting Shareholders on issues to be raised by Icon Water.

Recommendations

That the:

1. Voting Shareholders note the brief.

<p><i>Noted/Please Discuss</i></p> <p>Andrew Barr MLA 21/2/17</p>	<p>Noted/Please Discuss</p> <p>Mick Gentleman MLA..... / /</p>
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Minister's Office Feedback

UNCLASSIFIED

UNCLASSIFIED

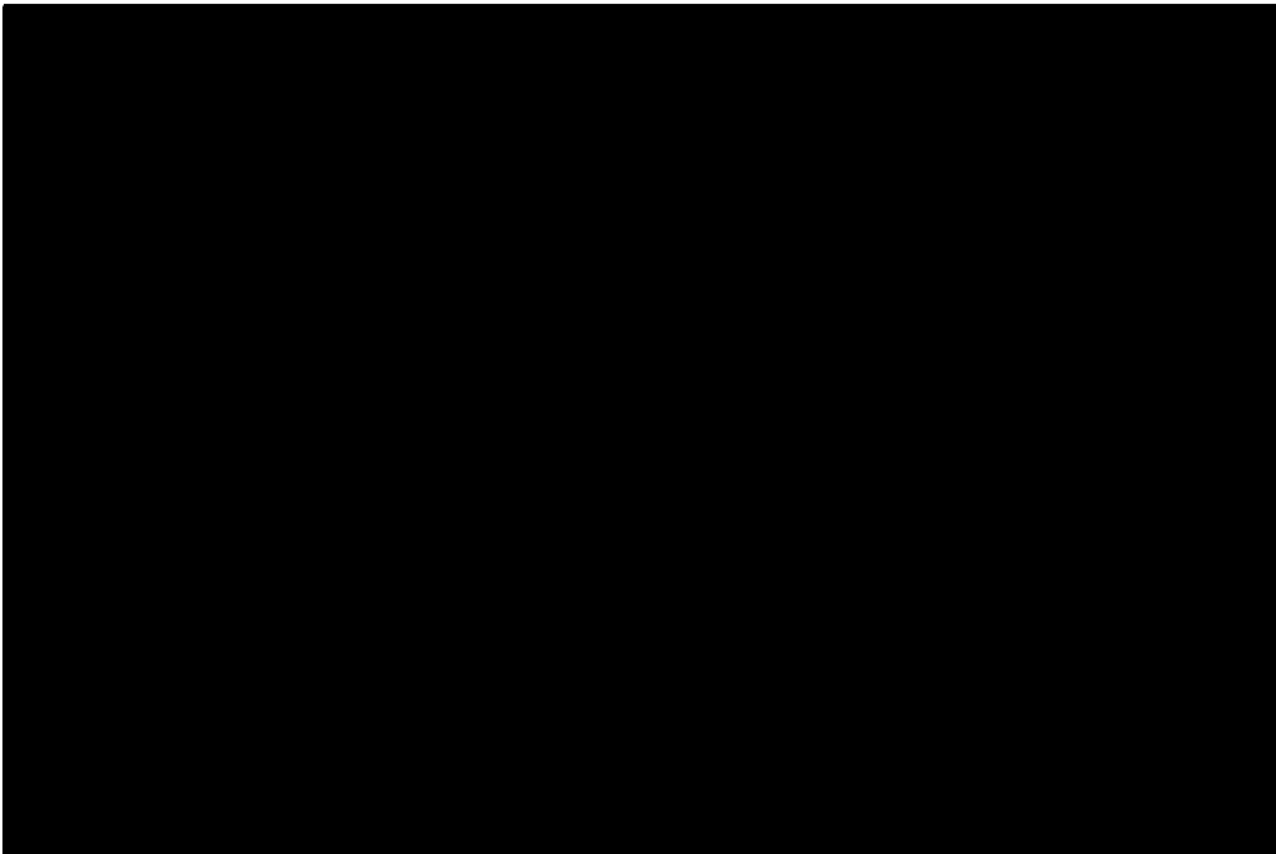
Background

1. The Voting Shareholders are scheduled to meet with Icon Water/ActewAGL for the next quarterly meeting on Tuesday 21 February 2017 from 4.00 to 5.00 pm in the Executive Meeting Room in the Chief Minister's office.
2. Icon Water has submitted the following discussion items:
 1. Energy Investment -Update
 2. Best for Region Sewerage Treatment Plant Update(Queanbeyan/Palerang)
 3. Yass Valley Council -Update
 4. Water and Sewerage Capital Contributions Code
 5. Tariff Review Regulatory Proposal
 6. Board Director Recruitment Process – Update
 7. Stakeholder Engagement Activities
 8. Public Accounts Committee 2015-16 Annual Report Hearings
3. Principal attendees include:

Departmental Officials: Under Treasurer David Nicol, DG EPSDD Dorte Ekelund,
Icon Water: Dr Michael Easson, Chair, Wendy Caird, Deputy Chair, John Knox,
Managing Director, and Sam Sachse, General Manager Finance.
ActewAGL: Michael Costello, Chief Executive Officer (to leave after Item 1)

Issues

4. Background information against each topic is as follows:



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Topic 6. Board Director recruitment process – update Board Matters

25. Dr Easson retires on 17 March 2017 as Chair of Icon Water and the ActewAGL Joint Venture boards. Following consultation with the PAC the Voting Shareholders can finalise the appointment of Wendy Caird as the Chair, Carol Lilley as the Deputy Chair and extend the appointment of Rachel Peck for a further three years.
26. A selection process is underway to appoint three new directors. In excess of 100 applications have been received.
27. Shortlisting and interviews will be conducted by a panel comprising Wendy Caird, Carol Lilley, and David Nicol. Recommendations supported by the Voting Shareholders will be referred to Cabinet and the PAC for consideration.

Subsidiary Companies-Composition of the Boards

28. The number of Directors on each of the two subsidiary companies has been increased from 4 to 8 to enable all of the Icon Water Board directors to be directly involved in the management oversight of the investment in ActewAGL. Wendy Caird will be the Chair and Carol Lilley the Deputy Chair of the subsidiary companies.
29. Currently only four of the eight Directors are members of the subsidiary Boards. Arrangements for the remaining directors to be appointed by the Voting Shareholders will be made to coincide with the appointment of the three new Icon Water directors.

ActewAGL Joint Partnership Board

30. With the retirement of Dr Easson from Icon Water, Paul Adams, the Managing Director of AGL will take over as Chair of the ActewAGL Joint Venture Partnership Board (JV) for the next two years. Icon Water will replace Dr Easson with Dr Thomas Parry on the JV Board who will be Deputy Chair.
 - a. Dr Thomas Parry, Ms Wendy Caird and Mr John Knox will represent Icon Water on the JV Board.
 - b. You may be interested to note Ms Elizabeth Brinton recently replaced Mr Paul Frazer as the AGL representative on the Actew AGL Partnership Board and Mr Sun Peng replaced Mr Ruan Qiantu as a Jemena Board member.

Topic 7. Stakeholder Engagement Activities

31. Icon Water launched a Talking Icon Water stakeholder engagement program in May 2016 to engage with customers including a Community Consultative Forum, Think Tanks and customer surveys.
32. Icon Water will update Shareholders on the range of stakeholder actions that are underway which include:
 - Infrastructure funding arrangements with developers
 - [REDACTED]
 - Trade waste
 - Regulatory submission
 - [REDACTED]

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Topic 8. Public Accounts Committee (PAC) – 2015-16 Annual Report Hearings

33. Icon Water in company with the Treasurer is scheduled to appear before the 2015-16 PAC Annual Report Committee Hearings between 2.15 and 5.15 pm on Monday 27 February 2017.

- a. A briefing pack is being prepared and Icon Water will provide a copy of its key briefs to the Treasurer.
- b. The debt strategy may continue to be a key item of interest.

Other Matters Not Listed

34. The Treasurer will be attending the farewell dinner for Dr Eason the following evening at the Royal Canberra Golf Club.

35. As this will be the last Shareholder meeting with Dr Eason the Shareholders might take the opportunity to thank him for his long and valuable service to the Icon Water and ActewAGL Boards.

Financial Implications

36. Nil

Consultation

Internal

37. EFG

Cross Directorate

38. EPSDD

External

39. Icon Water

Benefits/Sensitivities

40. To update the Voting Shareholders on current issues facing Icon Water and ActewAGL.

Media Implications

41. Nil.

Signatory Name: Stuart Friend

Phone: 70213

Action Officer: Tony Hays

Phone: 75062



24 February 2017

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

Mr Mick Gentleman MLA
Minister for the Environment and Heritage
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Dear Chief Minister

Andrew

Dear Minister

Mick

I am pleased to provide Icon Water Limited's (Icon Water) second quarter 2016–17 report recently approved by the Icon Water Board at its meeting on 16 February 2017.

The attached report provides a summary for the quarter 1 September to 31 December 2016 against the 2016–17 activities outlined in the Icon Water 2016–17 to 2019–20 Statement of Corporate Intent.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director



Statement of Corporate Intent Second Quarter Report to Shareholders

1 October 2016 to 31 December 2016

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1 Overview

The 2016–17 to 2019–20 Statement of Corporate Intent (2016–17 SCI) details the four strategies Icon Water Limited (Icon Water) will pursue to achieve its objectives under the *Territory-owned Corporations Act 1990* (TOC Act) and its four strategic objectives.

Under the TOC Act, Icon Water has four main objectives:

- **Efficiency:** operate at least as efficiently as any comparable business.
- **Sustainable return:** maximise the sustainable return to our shareholders on the investment in ACTEW (now named Icon Water Limited).
- **Social responsibility:** 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.
- **Ecologically sustainable development:** effective integration of environmental and economic considerations in decision-making processes.

The 2016–17 SCI identifies the four strategic objectives over the period 2016–17 to 2019–20 as:

- **People** – a culture that protects, engages and develops our people.
- **Asset Management** – excellence in asset management.
- **Customer** – meeting customer needs, exceeding customer expectations.
- **Financial** – sustainable financial returns and gearing.

The 2016–17 SCI outlines the four strategies relating to the above strategic objectives as well as performance measures and targets to enable monitoring and reporting against achievement of these objectives.

The following pages provide outcomes for the second quarter, 1 October 2016 to 31 December 2016 against key activities for 2016–17 contained in the 2016–17 SCI.

2 People strategy

2.1 2016–17 key activities

Key activities for 2016–17 include:

- Commence a safety engagement program to engender a belief amongst all staff that all safety incidents are preventable.
- Continue implementation of a Just Culture framework.
- Commence a program to reduce musculoskeletal injuries.
- Deliver unconscious bias training to Executives, Managers and Team Leaders.
- Develop a leadership capability framework for Executives, Managers and Team Leaders.
- Conduct an employee engagement survey.

2.2 Quarter 2 outcomes

The safety engagement program, called *Switch On*, has commenced. At the end of the reporting period 151 employees have attended this two day initiative. Feedback from attendees has been overwhelmingly positive. There are 11 more programs scheduled to July 2017. Already our safety performance outcomes (in regard to lost time and serious injuries) are showing sustained improvement.

Early work on the *Just Culture* concept has commenced. This has included providing an overview of the concept to the Board at its meeting in November 2016. The draft concept uses a model from the safety engagement program as the foundation for determining the balance of organisational and individual accountabilities for safety breaches. The concept will be finalised via a consultation process so it is ready for implementation at the beginning of 2017–18.

The program to reduce musculoskeletal injuries has commenced in the Field Services Branch where the risk of these type of injuries is highest. Two programs have been delivered with an additional four scheduled for 2016–17. These programs involved classroom theory followed up with infield risk assessments.

A training program for frontline leaders was launched in November 2016. The Leadership Masterclass is conducted over three days and incorporates:

- internal practice and process
- the broader legal framework for managing employees
- leadership skills including providing feedback, motivating for performance and courageous conversations.

A training program has been developed for Managers, focussing initially on two of the required leadership capabilities: constructive communication and inclusive leadership. This training will commence in January 2017.

An employee engagement survey was conducted in November 2016. Icon Water's overall engagement score was 49%, a slight increase on the 47% achieved in 2014. Results provided very positive feedback on our organisation's commitment to safety, the need for change and our pride in the work that we do. Engagement at the Manager level has significantly improved since 2014. The results indicated that improvements in performance management and internal communication would support improved staff engagement. Action plans are now being developed to address these and other areas for improvement.

A new hiring managers toolkit has been developed incorporating practical tips and advice to encourage broader diversity of applicants for roles and overcome potential barriers to selection.

3 Asset management strategy

3.1 2016–17 key activities

- Finalise the projects to document all asset management processes to leverage the international standard on asset management (ISO 55001:2014 *Asset Management – Management Systems - Requirements*).
- Finalise the revision of all costed maintenance plans that link to stakeholder objectives.
- Commence the Asset Maintenance Management System (AMMS) project to provide information technology solutions to better understand and enhance our use of asset data to inform consistent asset management decisions.
- Develop asset planning analytics and predictive modelling tools to further optimise asset management decisions.
- Provide updated Asset Management Plans and a robust pricing submission to the economic regulator.

3.2 Quarter 2 outcomes

The IMS Project that will document Icon Water's future state processes is progressing well. Project Delivery Operations and Maintenance (PDOM) Group has documented all elements of its target state Business Activity Model. Asset Management (AM) Group is reviewing its Business Activity Model developed in 2015 to ensure activity levels are consistent with PDOM. PDOM and AM Group continue to work together to identify process touchpoints and potential overlaps.

Development of costed maintenance plans continues and is well supported within the Asset Management, Maintenance and Operations groups.

The business case for the Asset Management Maintenance System project was approved by Icon Water's board at its meeting in November 2016. This is the culmination of substantial market assessment and selection of a product.

A number of asset planning and predictive modelling tools were developed during the second quarter. Of these tools, two enable Icon Water to optimise water and sewer mains investment planning. The models also enable Icon Water to engage with our customer to determine the appropriate balance of cost, risk and performance of our water and sewer networks.

Efforts continue to update asset management plans, to feed into a robust pricing submission to the economic regulator. The first draft of revised asset management plans (AMPs) were completed in December 2016.

Work commenced to review the Enterprise Asset Management Strategy to ensure it provides greater clarity on objectives and appropriate key performance indicators.

4 Customer strategy

4.1 2016–17 key activities

- Commence the customer CARE (Connect, Assist, Review, Engage) program.
- Launch the "Talking Icon Water" customer engagement program, including the introduction of a community consultative forum.
- Continue to realign the Community Support Program to our new brand.
- Refine our technology to provide contemporary self-service channels for seamless customer service.

4.2 Quarter 2 outcomes

The CARE program has commenced and Icon Water is on track to achieve the overall objective of optimised customer management, by 30 June 2019.

The Community Consultative Forum is continuing to meet on a regular basis and has become a valued source of information under the Talking Icon Water program. Feedback received through the forum is providing Icon Water with a broad diversity of community views that are being used to inform business direction and future planning, including Icon Water's submission as part of the Independent Competition and Regulatory Commission's (ICRC) 2018 pricing review.

Realignment of the Customer Support Program is successfully continuing with all sponsorship applications being assessed against revised guidelines to ensure that community support aligns with Icon Water and customer values.

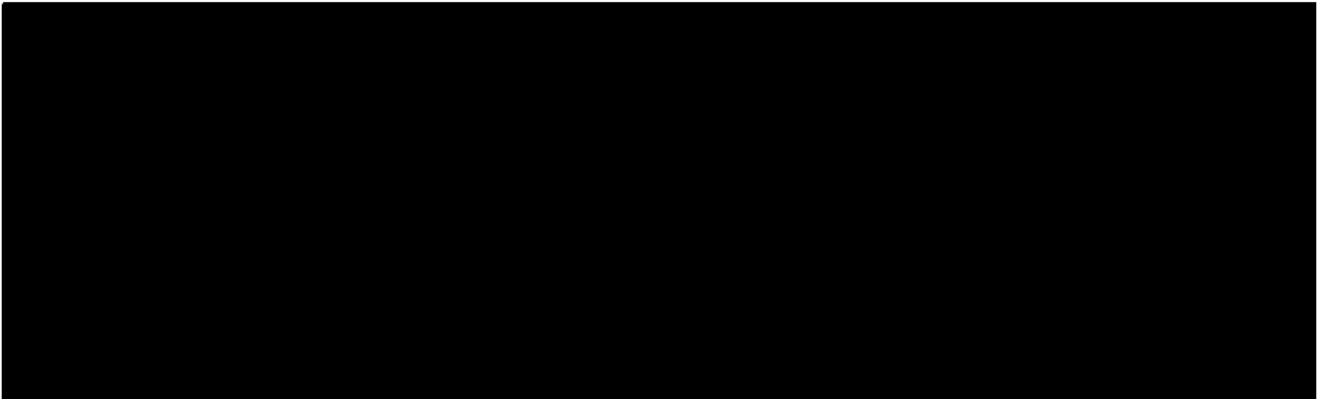
Investigation of an appropriate Customer Management System is ongoing and continues to be informed by customer feedback.

5 Financial strategy

5.1 2016–17 key activities

- Continue to define the efficiency opportunities within Icon Water and the program of works required to realise the benefits.
- Continue with the introduction of a debt program for ActewAGL Distribution.

5.2 Quarter 2 outcomes



6 Key service delivery targets

Key Service Delivery Targets were set by Icon Water against industry standards used by comparable utilities. The targets were selected from a range of measures included in the National Performance Report to the Bureau of Meteorology. Table 1 (over page) details performance against the key service delivery targets. For the second quarter, Icon Water met 18 out of the 21 targets. Water service complaints and total water and sewerage complaints are slightly above the target. Real losses are high for the quarter, with potential issues with the billing data being investigated.

Table 1. Key service delivery targets – 2016–17 Results

	Service delivery measures	Target 2016-17	1 st Quarter Results	2 nd Quarter Results	YTD Results
Water					
Quality	Compliance with routine monitoring against the Public Health (Drinking Water) Code of Practice 2007 (ACT) (%)	100	99.53	100	99.55
	Number of zones where drinking water microbiological compliance is achieved (%)	100	100	100	100
Reliable supply	Water main breaks (per 100km of water main)	20-25	2.77	1.99	4.75
	Average duration of an unplanned interruption – water (minutes)	111-150	127.97	138.26	132.01
	Frequency of unplanned interruption – water (per 1000 properties)	63-127	20.53	13.29	33.82
	Real losses (litres/service connection/day)	59-73	50	99 ¹	75
	Water volume ² to meet demand (ML/day)	140-300	105.34	138.04	121.69
Sewerage					
	Sewerage mains breaks and chokes (per 100km sewer main)	40-66	14.36	11.80	26.16
	Property connection sewer breaks and chokes (per 1000 properties)	8-15	3.28	2.03	5.31
	Average sewerage interruption (minutes)	37-44	33.53	33.86	33.68
Customer satisfaction					
	Water quality complaints (per 1000 properties)	0.9-2.0	0.32	0.28	0.60
	Water service complaints (per 1000 properties)	1.0-2.0	0.75	0.50	1.25
	Sewerage service complaints (per 1000 properties)	1.0-2.0	0.26	0.22	0.49
	Billing and account complaints – water and sewerage (per 1000 properties)	0.1-1.5	0.15	0.09	0.24
	Total water and sewerage complaints (per 1000 properties)	3.5-5.0	1.43	1.10	2.53
Environment and sustainability					
	Compliance with environmental flow requirements, licence requirements and environmental authorisations (%)	100	100	100	100
	Net greenhouse gas emissions (net CO ₂ equivalent per 1000 connected water properties)	<257 ³	66 ⁴	63	129
	Sustainability infrastructure scorecard is incorporated into all capital projects over \$50,000	100%	100	100	100
	Operational resource use and waste reduction ⁵	TBD ³			
	- generation of waste (tonnes)		1,747	3,107	4,854
	- paper use (ream)		863	563	1,426
	- water use (kL)		48,507	46,268	94,775
	Percentage of biosolids reused (%) ⁶	100	100	100	100
	Recycled water (percent of effluent recycled)	11-13	10.73	14.30	12.52

¹ Potential errors in the billing data provided by ActewAGL are currently being investigated.

² Volume is the total production by the water treatment plants and supply through the water supply system.

³ Representing a reduction year on year.

⁴ Figure updated from 82 net CO₂ equivalent per 1,000 connected water properties following final submission of invoices.

⁵ Operational resource use refers to consumption of chemicals, water, paper and generation of waste.

⁶ Percentage of biosolids reused may be greater than 100% if a utility is reusing stockpiles of biosolids.



TRM 2017-1060

15 March 2017

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

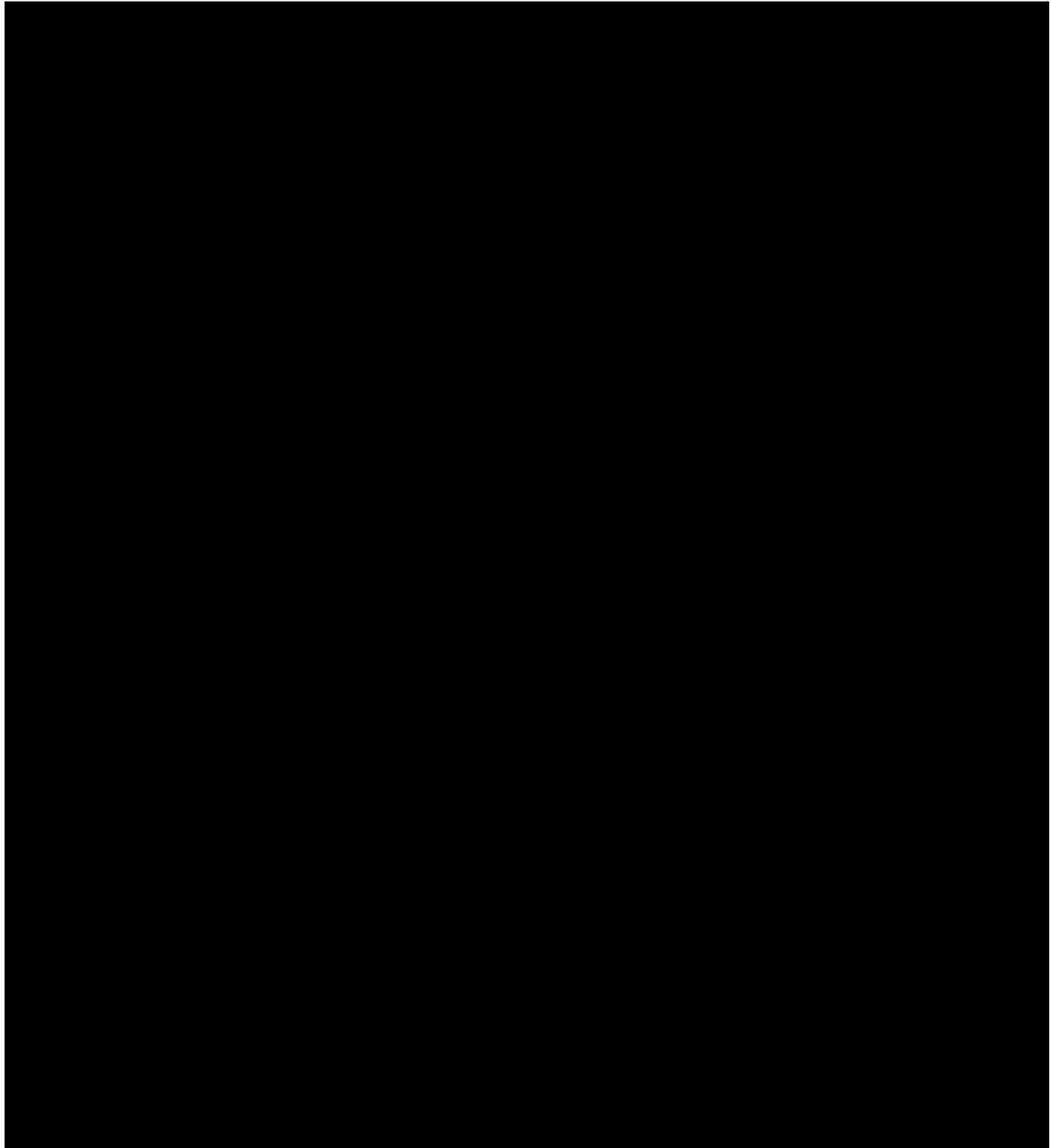
Mr Mick Gentleman MLA
 Minister for the Environment and Heritage
 ACT Legislative Assembly
 London Circuit
CANBERRA ACT 2600

Andrew
 Dear Chief Minister

Mick
 Dear Minister

Notes on meeting held on Tuesday 21 February 2017





6. Board Director recruitment process – update

- The new Director positions were advertised in:
 - The *Weekend Australian* – 28-29 January and 4-5 February
 - The *Financial Review* on Friday 27 January and Friday 2 February.
- Applications closed on Friday 17 February and there are approx [REDACTED]
- The selection panel is:

- Ms Wendy Caird (Deputy Chair Icon Water)
- Ms Carol Lilley (Chair Icon Water Risk and Assurance Committee)
- Mr David Nicol, ACT Under Treasurer.
- Selection criteria is currently being finalised for the position to inform the short-listing process.

7. Stakeholder engagement activities

Icon Water is planning to or undertaking a number of stakeholder engagement activities regarding particular services that are currently provided by Icon Water including:

- Capital Contributions (current)
- Trade waste (current)
- Tariff structures (current)
- Hydraulic asset acceptance process(planning)
- Building approvals process (planning)

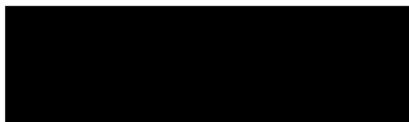
8. ACT Government Priorities

Icon Water has identified a number of opportunities where it can support the ACT Government in achieving the following priorities:

- Urban renewal and planning
- Water and catchment management
- Regional collaboration.

In addition Icon Water will work further with the ACT Government in refining the ACT Government's water policy (refer Item 5 above).

Yours sincerely



John Knox
Managing Director



16 March 2017



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

Mr Mick Gentleman MLA
 Minister for the Environment and Heritage
 ACT Legislative Assembly
 London Circuit
 CANBERRA ACT 2600

Andrew Barr
 Dear Chief Minister

Mick Gentleman
 Dear Minister

I am pleased to provide you with Icon Water Limited's (Icon Water) Draft *Statement of Corporate Intent 2017-18 to 2020-21* (draft SCI) approved by the Icon Water Board out of session on 14 March 2017.

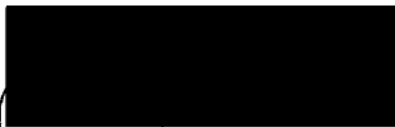
The draft SCI was prepared in accordance with guidelines provided by the Chief Minister, Treasury and Economic Development Directorate and is attached for your comment.

Please note that the 2014-15 industry average figures contained in the performance indicators and targets will be updated with 2014-15 figures when the figures become available in late March.

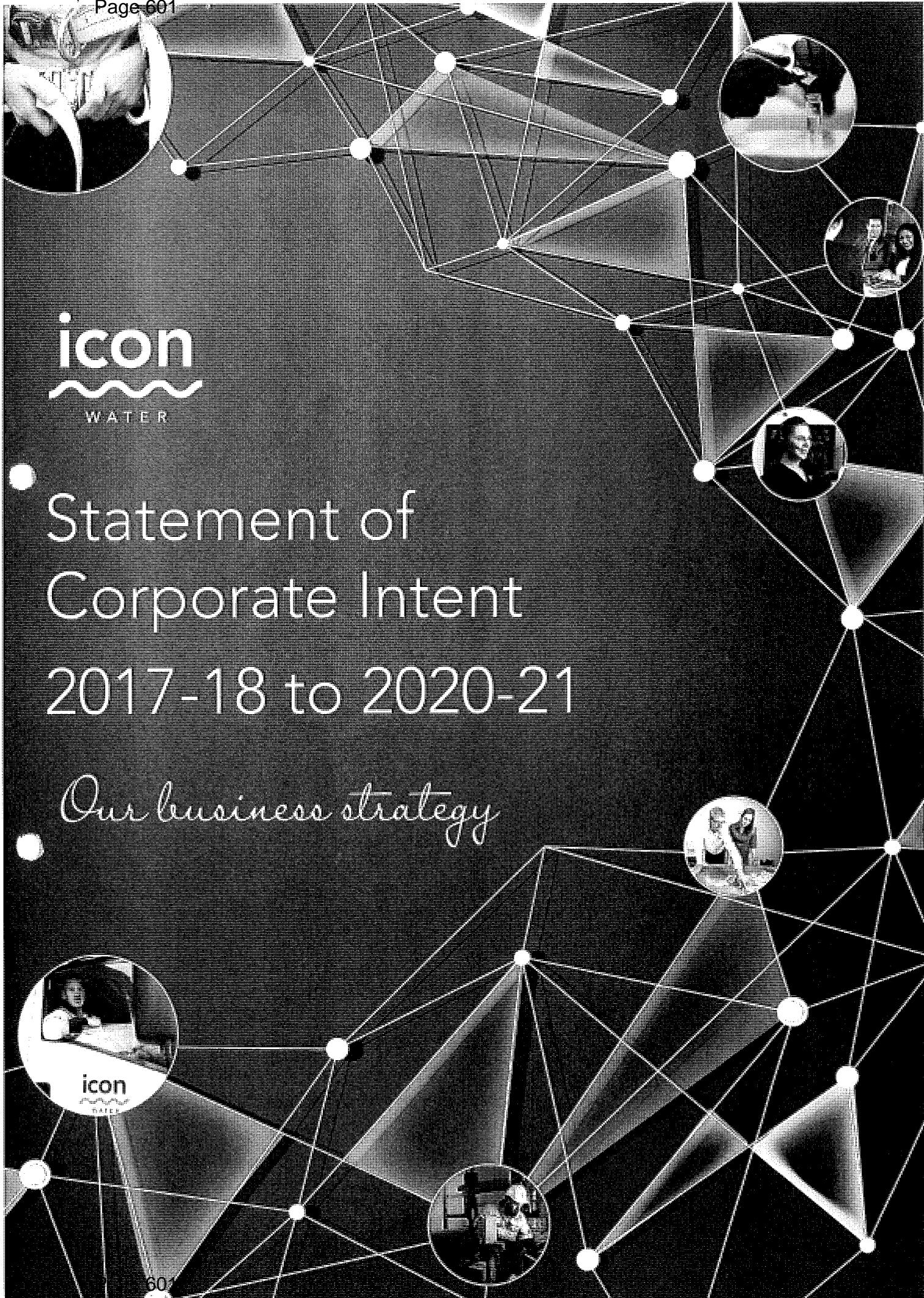
Please also note that the draft budget and forecast financial statements for 2017-18 to 2020-21 may be updated between now and the submission of the final SCI with the finalisation of the 2017-18 budget papers in May 2017.

I look forward to receiving your feedback on the draft SCI. In the meantime, if you have any questions concerning the draft SCI, please do not hesitate to contact me.

Yours sincerely



John Knox
 Managing Director



Statement of Corporate Intent 2017-18 to 2020-21

Our business strategy



Corporate Office

Level 5

40 Bunda Street

Canberra City ACT 2601

Mitchell Operations Office

12 Hoskins Street

Mitchell ACT 2911

Language assistance

13 14 50, 24 hours

للحصول على مساعدة لغوية، اتصل بالرقم
语言方面的协助，请打上述号码
برای کمک زبانی به شماره بالا تلفن
யாற்புள்ளர் உதவிக்கு மேலே உள்ள இலக்கத்தை அழையுங்கள்
în thông dịch viên, hãy gọi đến số trên đây



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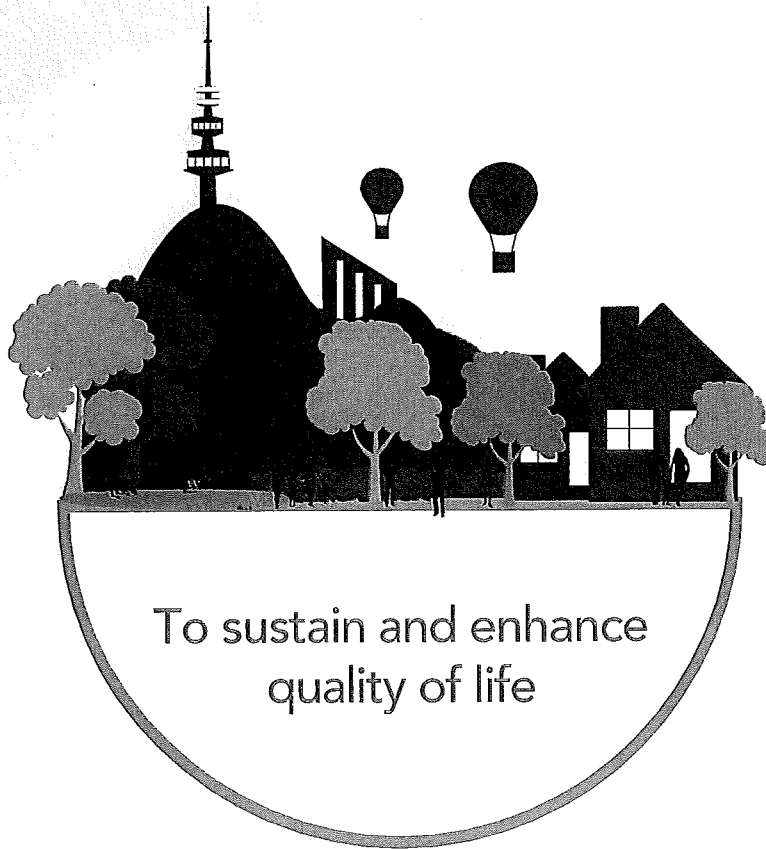
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Information about Icon Water and an electronic version of this report can be found on the Icon Water website iconwater.com.au.

talktous@iconwater.com.au | (02) 6248 3111 | [@iconwater](https://www.iconwater.com.au) | iconwater.com.au

Icon Water Limited ABN 86 069 381 960

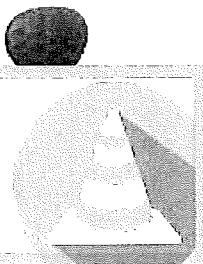
Our core purpose



Our core values

Safety

Accepting personal responsibility to ensure a safe workplace and contribute to a safe community.



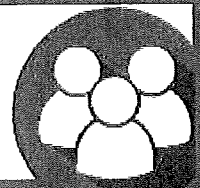
Excellence

Involving the right people at the right time to get a result we can be proud of.



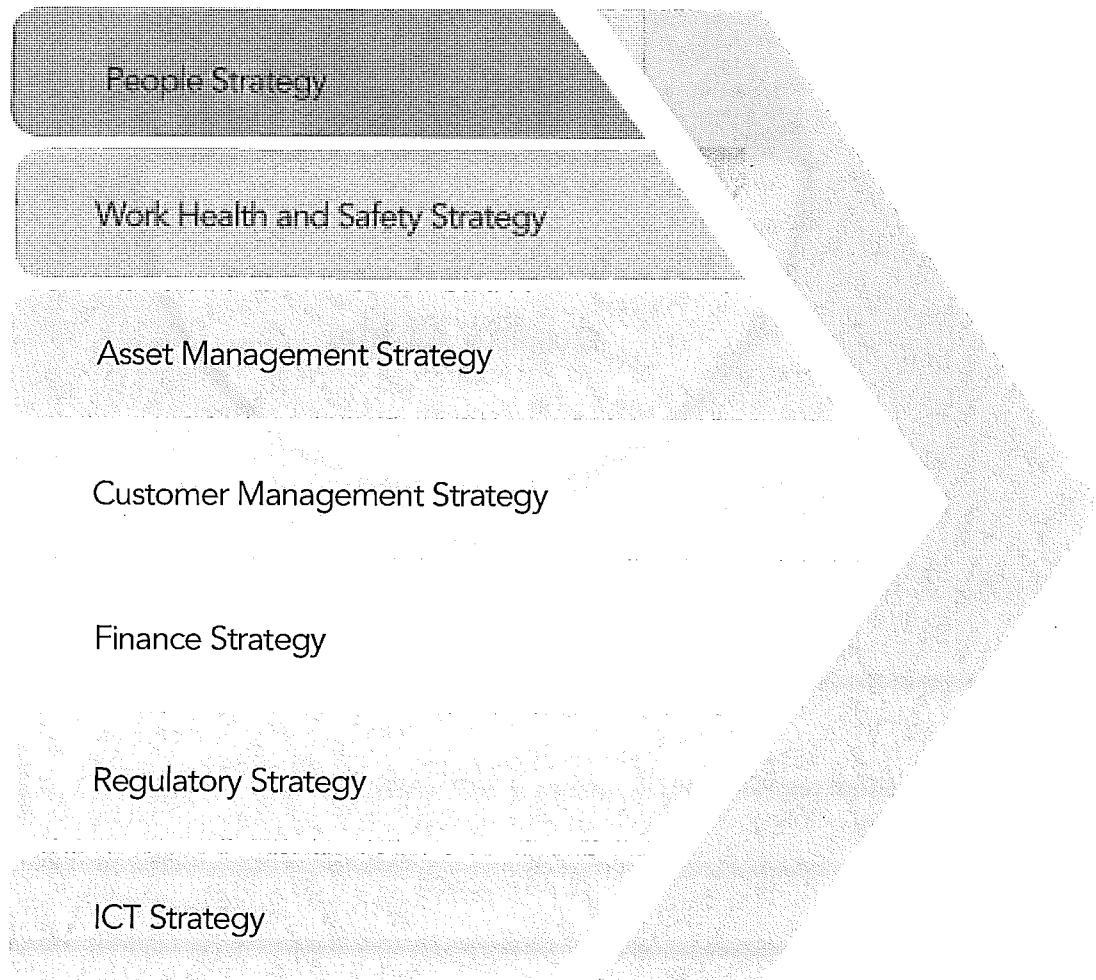
Openness

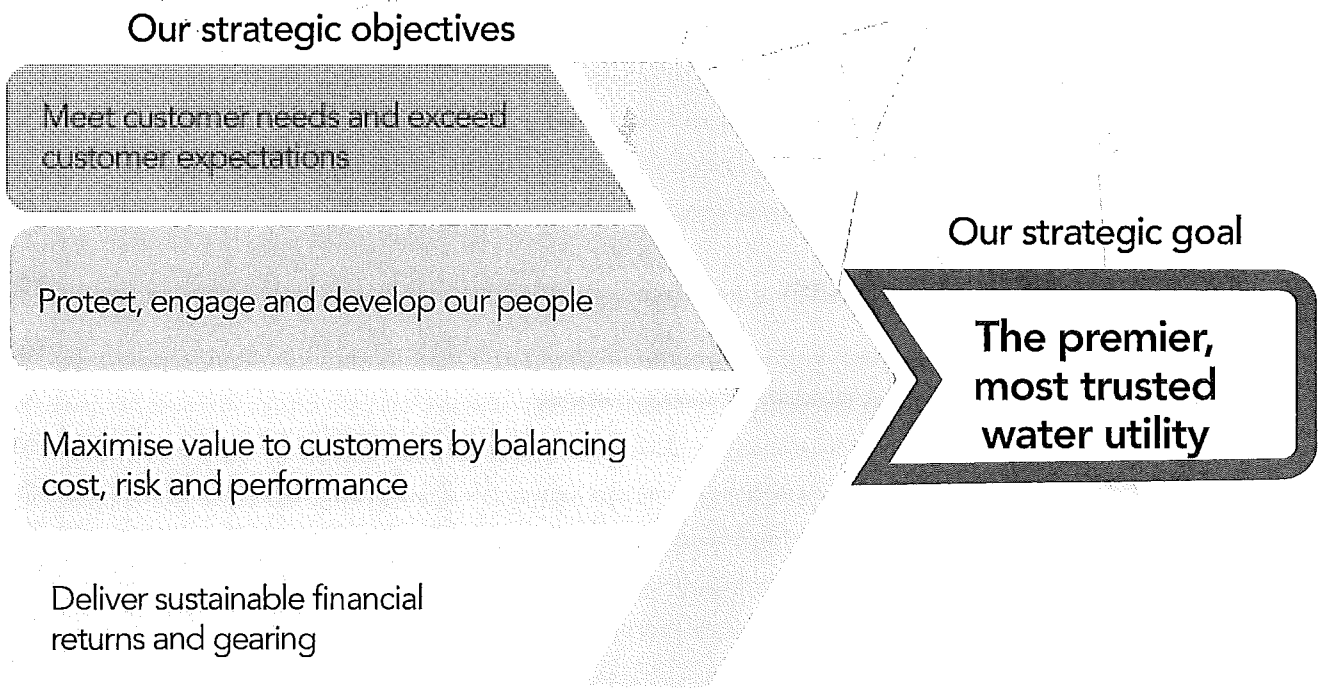
Building strong relationships by acting with integrity while being receptive to the view of others.



Our business strategy

Our key strategies





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Managing Director's message

Icon Water plays an important role in our community. We provide essential water and sewerage services to the nation's capital, we manage and operate over \$2 billion worth of assets and manage our investment in the energy business, ActewAGL.

Our community, customers, shareholders and regulators expect us to manage and operate the water and sewerage networks as efficiently as any comparable business. We need to meet these expectations and evolve to meet the future needs of a growing capital region.

Our vision for Icon Water is to be the premier, most trusted water utility. This means putting customers at the centre of everything we do. We need to understand customer needs and expectations and continually improve business processes to deliver value to customers. This can only be achieved with a workforce that is proficient, confident and highly connected.

This Statement of Corporate Intent (SCI) provides our business strategy, outlining how Icon Water intends to go about meeting these expectations.

Over the period 2017–18 to 2020–21, we will continue to develop our people, improve our processes and replace ageing information technology. We will do this through four strategic objectives, which seek to:

- protect, engage and develop our people
- maximise value to customers by balancing cost, risk and performance
- meet customer needs and exceed customer expectations
- deliver sustainable financial returns and gearing.

These objectives will be achieved through seven key strategies which will provide us with the capability and flexibility needed to operate successfully in a changing world and a growing region.

Icon Water's Board, Executive team and staff are committed to working together, and with customers and other stakeholders, to ensure we continue providing services that sustain and enhance the quality of life in the nation's capital.



John Knox
Managing Director
Icon Water Limited

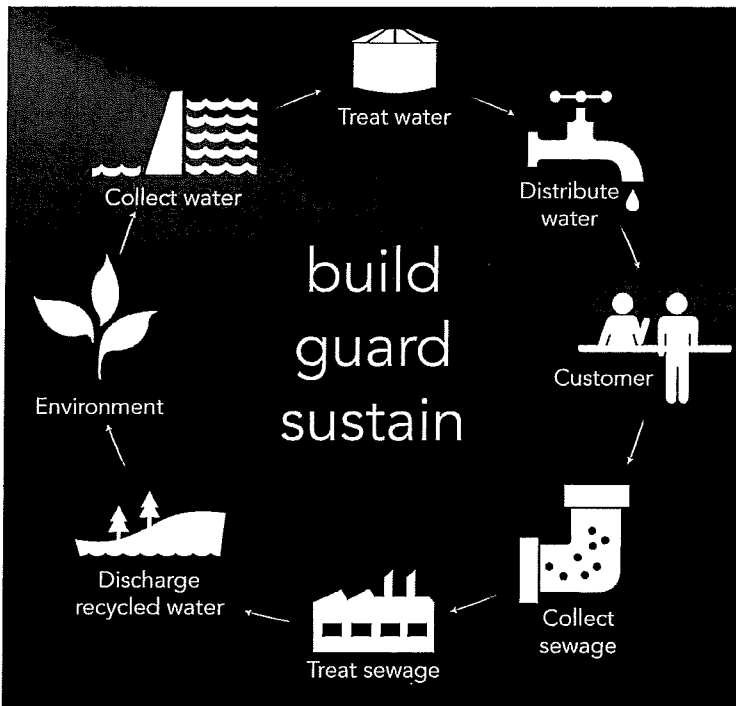
16 May 2017

Our Business

Icon Water is the ACT's supplier of water and sewerage services and suppliers of bulk water to Queanbeyan. Our reliability, expertise and community focus allows us to continue to provide the essential services, which enhances quality of life.

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 393,000 people.

Our Business



Our Customers

~169,000 water customers

~168,000 sewerage customers

>70,000 customer calls

We demonstrate our commitment to the community through our service to our customers.

In 2015–16 Icon Water received over 70,000 customer calls. 94% of residential customers surveyed rated the quality of the ACT's tap water as good or very good.

Our Assets

~3,200km of sewerage pipes

~3,300km of water pipes

26 sewer pumping stations

25 water pumping stations

31 gigalitres of sewage treated

Dam capacity of 277.8GL

Our People

Icon Water employs ~400 people

96% work full time

Average age of 43 years

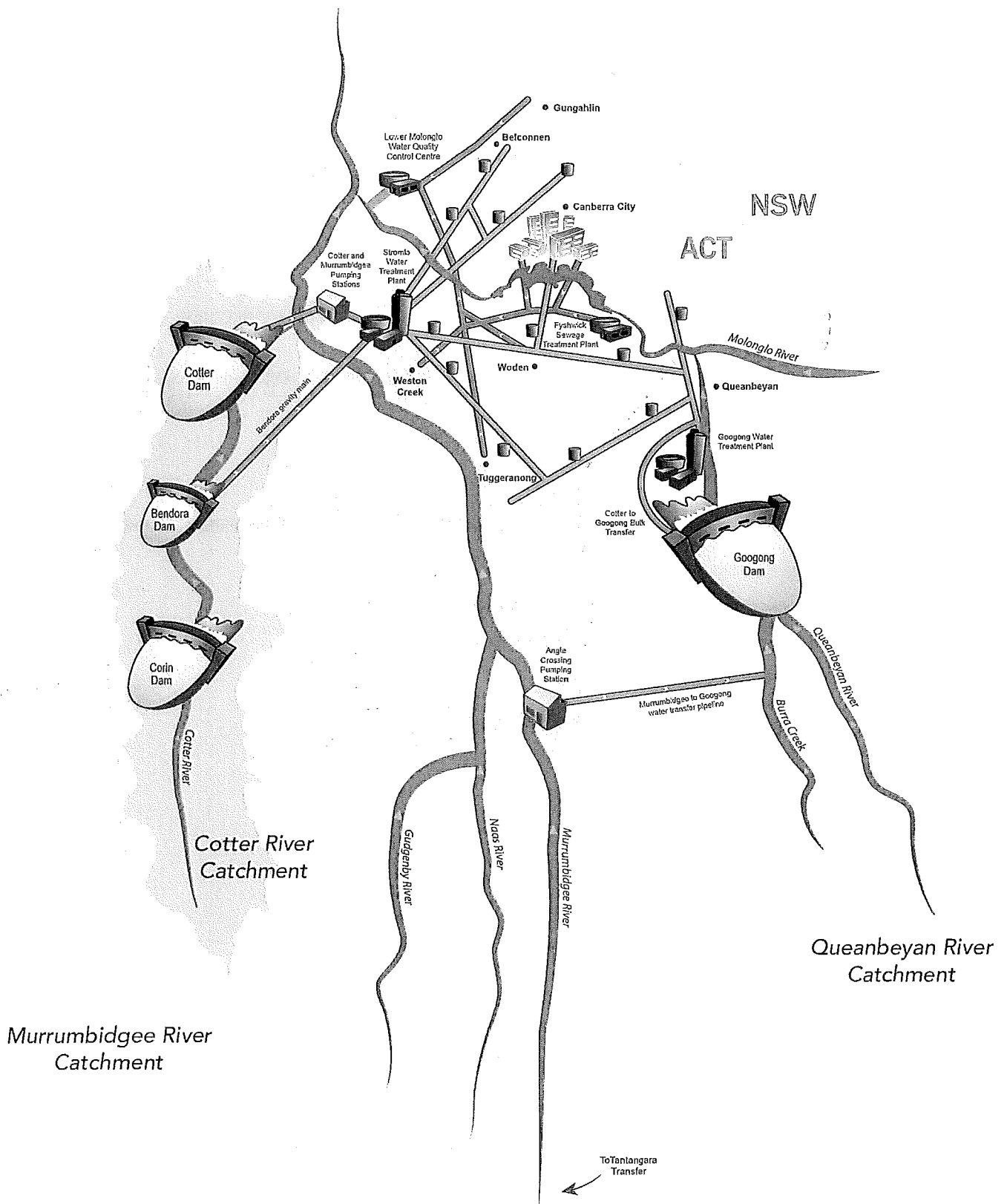
1/4 of staff are 15+ years loyal

19% trade and technicians

27% machinery operators

ico
W A T E

Our water and sewerage network



Strategic objectives

Background

The *Territory-owned Corporations Act 1990 (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.

Strategic objectives

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

- Protect, engage and develop our people.
- Maximise value to customers by balancing cost, risk and performance.
- Meet customer needs and exceed customer expectations.
- Deliver sustainable financial returns and gearing.

Strategies and key activities to achieve these strategic objectives are described on page 11.

Strategies and activities

Strategies describe the general approach to be taken to achieve our strategic objectives over the period 2017–18 to 2020–21. We will implement seven key strategies, which are outlined below along with key activities to be undertaken for each strategy during 2017–18.

In addition (and separate to this SCI) Icon Water's performance management framework includes the development of detailed business plans at multiple levels.

People strategy

Our people build the infrastructure, operate the networks, fix the problems and do the planning and research which ensures we deliver great water and sewerage services.

The *People Strategy* aims to build the engaged and highly capable workforce necessary to meet our current and future business challenges. The strategy focuses on four key components of people management: diversity and inclusion, leadership, performance and development and talent planning.

Key activities for 2017–18 are:

- development of specific initiatives – at both the organisational and group level – designed to increase employee engagement
- continued focus on the development of our frontline leaders and succession planning for Executives and Managers
- further refinement of a diversity and inclusion framework
- implementation of structured graduate and trainee programs.

Work health and safety strategy

Safety is one of our Core Values, which guide how we conduct our business and treat others. We continually improve our safety systems and ensure our staff and contractors accept personal responsibility for a safe workplace and contribute to a safe community.

The *Work Health and Safety Strategy 2016–17 to 2018–19* aspires to a state where every Icon Water worker, regardless of their position, is a safety leader. A safety leader is anyone who will take action to keep themselves and others healthy and safe, and through this action inspire others to do the same. The objective of the strategy is a safer workplace, supported by best practice work health and safety management.

During 2017–18 the strategy focusses on enhancing our safety culture and building staff capability around operational risk management.

Key activities for 2017–18 are:

- finalise development and commence implementation of a Just Culture framework
- development and delivery of operational risk management training to frontline staff
- development and delivery of a behavioural safety program.

Enterprise asset management strategy

Our assets reflect the ACT's substantial investment in water and sewerage infrastructure. How we manage those assets is critical for ensuring we maximise value to customers. This means – providing safe, reliable and value for money water and sewerage services.

The *Enterprise Asset Management Strategy* aims to maximise value to our customers by implementing systems and processes that enhance our ability to manage and operate our water and sewerage infrastructure as effectively as possible. To achieve this, the delivery of our services needs to be made in the context of balancing investment decisions and operational activities with a view to the impact on cost, risk or performance of our networks as a whole.

The objective of the strategy is to establish changes to our planning and execution through new processes, revision of our 'end-to-end' operating model and improved collation and analysis of data. This improved organisational capability will also allow us to model the potential impact of external or internal drivers, such as proposed changes to regulations.

The strategy initially focuses on:

- implementing cultural change to improve the full-lifecycle planning, decision-making and service provision to assets
- standardising and documenting processes
- improving the quality and availability of asset information (supported by a core set of information and communication technology (ICT) systems).

Key activities for 2017–18 are:

- continuation of process standardisation and documentation
- continuation of costed maintenance plans that link to customer objectives
- continue the implementation of a works management system to provide information technology solutions to better understand and enhance our use of asset data to inform consistent asset management decisions
- continue to build additional asset planning analytics and predictive modelling tools to further optimise asset management decisions.

Customer management strategy

We are committed to continually improving the services we provide our customers and the way we provide them. This means, putting customers and stakeholders at the heart of all that we do. Our business and operational planning, network operations and internal processes are all driven by our understanding of customer and stakeholder needs and expectations.

The *Customer Management Strategy 2016–17 to 2021–22* identifies a vision of Icon Water as a trusted provider, consistently delivering quality and value. The strategy focuses on ensuring we understand our customers' needs and expectations and leverage technology to deliver effective customer service.

Key activities for 2017–18 are:

- implementation of a case management system
- development and delivery of customer service training to frontline staff
- undertake a review of customer and stakeholder needs
- integration of customer management in all business processes.

Financial strategy

As a territory-owned corporation, we must ensure the ACT's investment in water and sewerage infrastructure provides sustainable financial returns.

The *Financial Strategy* aims to generate sustainable financial returns and maintain sustainable gearing levels. Key elements include maintaining a dividend payout ratio based on the capital and borrowing requirements of the business as approved by the voting Shareholders, including a proposed debt program for ActewAGL Distribution to fund their capital expenditure.

In addition, we will continue to optimise operating expenditure and actively manage the energy investments, ensuring a continuation of the strong financial outcome for our Shareholders.

Key activities for 2017–18 are:

- continue to define the efficiency opportunities within Icon Water and the program of works required to realise the benefits
- continue with the introduction of a debt program for ActewAGL Distribution
- introduce a water and sewerage capital contribution code
- pursue growth opportunities (in Icon Water and ActewAGL) that align with Icon Water's strategy.

Economic regulation strategy

As a monopoly provider of essential services, our customers take comfort in a pricing structure that is governed by the Independent Competition and Regulatory Commission (ICRC).

The *Economic Regulation Strategy* guides the development of our submission to the ICRC on its upcoming review of water and sewerage prices to apply from 1 July 2018 to 30 June 2023. The key objective of the strategy is to maintain sustainable pricing for our customers through a robust regulatory process and that positions Icon Water for a more simplified and streamlined regulation regime post 2023.

Key activities for 2017–18 are:

- further improve our regulatory submission based on feedback from the community and the regulator
- communicate the outcome of the regulatory process to our customers.

ICT strategy

Information and Communications Technology (ICT) is an integral part of how Icon Water undertakes its day to day business and has a central role as the key enabler to improve productivity, timely decision-making and service to customers.

The *ICT Strategy 2015–16 to 2018–19* outlines the key strategic business requirements for the ICT environment, to achieve the vision of a fit for purpose operational technology. The objective of the strategy is to establish ICT as an integrated, robust, scalable and secure technology platform providing fit-for-purpose business capabilities supported by efficient services that preserves optimal ICT investment.

During 2017–18 the strategy focusses on establishing an integrated, loosely-coupled and scalable technology platform to maintain optimal ICT investments.

Key activities for 2017–18 are:

- implementing cloud infrastructure to minimise the impact of application changes impacting other applications
- commence migrating Icon Water's field and office staff to a fully mobilised solution
- roll out a best practice service catalogue to define all Icon Water ICT support and management requirements.

Performance indicators and targets

For each strategic objective we have established performance indicators and targets to monitor and report on their achievement. These are outlined below. We also have a range of internal performance management arrangements and related monitoring and reporting activities.

Icon Water also has regulatory, compliance and performance reporting obligations via the following mechanisms:

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

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

Strategic objectives	Performance indicator	Targets (30 June 2018)
Protect, engage and develop our people	Serious Injury Frequency Rate (SIFR)	≤3 serious injuries per million hours worked
	Safety culture	Improved staff perceptions of organisational and manager commitment to safety (85% and 75% respectively)
	Diversity and inclusion	Improved staff perceptions of organisational openness and commitment to diversity (55% and 65% respectively)
	Staff engagement	54% of staff surveyed are moderately-highly engaged ¹
Maximise value to customers by balancing cost, risk and performance	Water quality	100% compliance with the Public Health (Drinking Water) Code of Practice 2007 (ACT)
	Water – reliable supply	Average duration of an unplanned interruption – water (minutes): 111–150 [TBC] ² Frequency of unplanned interruption – water (per 1000 properties): 63-127 [TBC] ³ Water volume to meet demand: 140-300ML/day
	Sewerage system reliability ⁵	No. of sewer surcharges inside customer dwellings ≤6 [TBC] >95% of sewerage chokes restored within 5 hours

¹ This being the Australian and New Zealand average for utilities.

² 2014–15 industry average is 129 minutes (note: 2015–16 industry averages will not be known until April/May 2017).

³ 2014–15 industry is 149 (per 100 properties).

⁴ Volume is total production by the water treatment plants and supply through the water supply system.

⁵ These performance indicators and targets have been selected with a customer focus and have been informed by our market research survey outcomes that show reliability and quality as priorities and customer views on the importance of avoiding sewer surcharges.

Strategic objectives	Performance indicator	Targets (30 June 2018)
Meet customer needs and exceed customer expectations	Sustainability embedded in capital works program	Sustainability infrastructure scorecard incorporated into 100% of capital projects over \$50,000
	Waste to landfill	Reduction over prior year (in tonnes)
	Environmental compliance	100% compliance with environmental flow requirements, environmental authorisations and agreements
	Effective complaints management	A meaningful response to 100% of complaints within 20 business days ⁶
	Customer satisfaction	90% of annual survey participants are satisfied with our overall service < 5.0 total water and sewerage complaints (per 1000 properties)
Deliver sustainable financial returns and gearing	Shareholder return	\$68.8m (profits available for dividends)
	Earnings Before Interest and Tax (Water and Energy)	\$187.2m
	Capital expenditure	+/-10% of \$130.3m
	Gearing	≤56.9%
	Energy costs	≤ 5% over quarterly forecast (for our three key treatment plants)

⁶ As required by the Consumer Protection Code.

Supporting information

Forecast financial statements and key financial performance measures

new Request

Icon Water Limited Income Statement Year Ended 30 June	Notes	2015-16 Actual \$000	2016-17 Forecast \$000	2017-18 Budget \$000	2018-19 Estimate \$000	2019-20 Estimate \$000	2020-21 Estimate \$000
Revenue							
Water Business		186,085	184,007	188,748	188,525	194,804	201,159
Sewerage Business		122,746	126,975	128,727	134,444	140,407	146,637
Interest Income		1,670	1,101	1,084	1,111	1,139	1,167
Commonwealth Subvention		11,401	11,687	11,979	12,279	12,586	12,900
Energy Investment		100,167	77,293	70,823	72,151	72,520	77,468
Other Revenue		3,477	4,570	2,580	2,644	2,710	2,777
Total Revenue		425,546	405,633	403,941	411,153	424,165	442,107
Expenditure							
ACT Government Charges		35,875	35,985	37,854	38,110	39,497	40,903
Depreciation		50,713	48,946	52,287	54,167	57,192	59,348
Employment Costs		64,577	64,034	72,067	74,030	70,966	73,072
Water Operating Costs		63,424	76,640	65,398	61,339	62,365	61,788
Impairment		613	0	0	0	0	0
Other Expenses		(2,929)	1,847	5,045	2,691	2,709	2,226
Total Expenditure		212,273	227,453	232,651	230,336	232,729	237,338
Earnings before Interest Tax and Gifted Assets		213,273	178,181	171,290	180,817	191,436	204,770
Interest Expense	XX	25,251	9,890	10,000	10,000	10,000	10,000
Earnings Before Tax and Gifted Assets		147,702	107,488	95,801	108,650	118,670	130,519
Gifted Assets		25,251	9,890	10,000	10,000	10,000	10,000
Earnings Before Tax		172,954	117,378	105,801	118,650	128,670	140,519
Tax Expense		50,619	36,409	31,740	35,595	38,601	42,156
Net Profit After Tax		122,334	80,969	74,061	83,055	90,069	98,363
Transfer to/(from) Retained Profits	a	42,294	9,890	10,000	10,000	10,000	10,000
Profits available for Dividends		80,040	71,079	64,061	73,055	80,069	88,363

Notes:

a-The 2015-16 dividends to ACT Government were based on Icon Water's profit available for dividends, excluding the gifted assets for Googong Estate and a one-off variation to the 100% net profit after tax dividend policy for 2015-16, allowing Icon Water to retain \$42m in profit as a form of debt relief. On the 5 May 2016 the ACT Government agreed to this variation, predicated on Icon Water achieving an anticipated additional net profit after tax of approximately \$49.0m compared to the original budget estimate of \$69.2m.

The 2016-17 and forward years dividend to the ACT Government will be based on Icon Water's Profit available for dividends, excluding gifted assets revenue.

Icon Water Limited Balance Sheet Year Ended 30 June	Notes	2015-16 Actual \$000	2016-17 Forecast \$000	2017-18 Budget \$000	2018-19 Estimate \$000	2019-20 Estimate \$000	2020-21 Estimate \$000
Current Assets							
Cash and cash equivalents		36,536	39,930	40,083	40,262	40,830	40,482
Held to maturity investments		18,000	0	0	0	0	0
Receivables		47,812	49,246	50,724	52,246	53,813	55,427
Other		19,887	19,887	19,887	19,887	19,887	19,887
Total Current Assets		122,235	109,063	110,693	112,394	114,530	115,796
Non Current Assets							
Investments of Other Entities		950,512	982,804	1,002,127	1,002,278	1,008,298	1,014,766
FITB - Non Current		28,463	28,463	28,463	28,463	28,463	28,463
Intangibles (Water Licences)		35,074	1,370	1,370	1,370	1,370	1,370
Property, Plant and Equipment		2,185,255	2,260,143	2,338,195	2,407,308	2,461,323	2,505,758
Other		15,763	15,763	13,995	12,228	10,460	8,692
Total Non Current Assets		3,215,067	3,288,544	3,384,151	3,451,648	3,509,915	3,559,050
Total Assets		3,337,302	3,397,607	3,494,845	3,564,042	3,624,444	3,674,846
Current Liabilities							
Accounts Payable		50,181	48,726	48,996	49,123	47,899	48,456
Dividends Payable		19,661	14,216	12,812	14,611	16,014	17,673
Tax Payable		7,450	3,608	2,118	5,444	7,496	5,682
Borrowings	a	23,247	312,101	18,054	234,965	0	0
Provisions		28,979	28,979	28,979	28,979	28,979	28,979
Other		5,323	5,323	5,323	5,323	5,323	5,323
Total Current Liabilities		134,841	412,953	116,282	338,444	105,711	106,112
Non Current Liabilities							
Borrowings	a	1,513,348	1,285,651	1,669,559	1,506,595	1,789,730	1,829,730
Deferred Tax Liability		400,844	400,844	400,844	400,844	400,844	400,844
Provisions		11,733	11,733	11,733	11,733	11,733	11,733
Total Non Current Liabilities		1,925,925	1,698,228	2,082,137	1,919,172	2,202,308	2,242,308
Total Liabilities		2,060,766	2,111,181	2,198,419	2,257,616	2,308,019	2,348,420
Net Assets		1,276,536	1,286,426	1,296,426	1,306,426	1,316,426	1,326,426
Equity							
Capital		758,871	758,871	758,871	758,871	758,871	758,871
Retained Profits		108,877	118,767	128,767	138,767	148,767	158,767
Reserves		408,787	408,787	408,787	408,787	408,787	408,787
Net Equity		1,276,536	1,286,426	1,296,426	1,306,426	1,316,426	1,326,426

Notes:

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

Icon Water Limited Cashflow Year Ended 30 June	Notes	2015-16 Actual \$000	2016-17 Forecast \$000	2017-18 Budget \$000	2018-19 Estimate \$000	2019-20 Estimate \$000	2020-21 Estimate \$000
Cash Flow from Operations							
Receipts from customers		317,377	324,562	330,557	336,370	348,939	361,858
Payments to suppliers and employees		(169,005)	(177,511)	(177,571)	(173,346)	(172,680)	(175,102)
Tax paid		(50,383)	(40,251)	(33,230)	(32,269)	(36,549)	(43,969)
Interest received		1,723	1,101	1,084	1,111	1,139	1,167
Interest paid		(69,065)	(75,902)	(82,155)	(77,976)	(79,210)	(78,915)
Net Cash In/(out) flow from operating activities		30,647	32,000	38,685	53,889	61,638	65,039
Cash Flow from Investing Activities							
JV Distribution Received		68,500	45,000	51,500	72,000	66,500	71,000
Payments for Property, Plant and Equipment		(68,931)	(111,185)	(114,429)	(108,400)	(97,075)	(89,683)
Proceeds from Disposal of PP&E		19	0	0	0	0	0
Payments for Intangibles		(3,043)	0	0	0	0	0
Proceeds from Sale of Intangibles		(0)	34,424	0	0	0	0
Net cash In/(Out) Flow from Investing Activities		(3,455)	(31,761)	(62,929)	(36,400)	(30,575)	(18,683)
Cash Flow from Financing Activities							
Repayment of Borrowings		(204,516)	(18,821)	(315,638)	(18,054)	(235,829)	0
New Borrowing		247,589	80,500	405,500	72,000	284,000	40,000
Finance Lease Payments		(101)	0	0	0	0	0
Dividends paid		(84,186)	(76,524)	(65,465)	(71,256)	(78,666)	(86,704)
Net cash In/(out) flow from financing activities		(41,214)	(14,845)	24,397	(17,310)	(30,495)	(46,704)
Net cash movement		(14,022)	(14,606)	153	179	568	(348)
Opening cash balance		51,558	36,536	39,930	40,083	40,262	40,830
Cash reclassified to held to maturity investments		(1,000)	18,000	0	0	0	0
Closing cash balance		36,536	39,930	40,083	40,262	40,830	40,482

Icon Water Limited Financial Ratios Year Ended 30 June		Notes	2015-16 Actual	2016-17 Forecast	2017-18 Budget	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
Profitability								
Return on Total Assets	a		6.3%	5.2%	4.9%	5.0%	5.3%	5.5%
Return on Equity	b		6.3%	5.5%	4.9%	5.6%	6.1%	6.7%
Profit Margin	c		49.9%	43.8%	42.2%	43.8%	45.0%	46.2%
Liquidity								
Current Ratio	d		90.7%	26.4%	95.2%	33.2%	108.3%	109.1%
Cash Position	e		1.6%	1.2%	1.1%	1.1%	1.1%	1.1%
Receivables Turnover	f		11.6	11.2	11.1	11.0	11.1	11.1
Financial Stability								
Debt Ratio	g		61.7%	62.1%	62.9%	63.3%	63.7%	63.9%
Gearing Ratio	h		54.6%	55.4%	56.6%	57.1%	57.6%	58.0%
Capital Ratio	i		120.4%	124.2%	130.2%	133.3%	136.0%	137.9%
Debt								
Interest Cover Ratio	j		3.3	2.5	2.3	2.5	2.6	2.8

Formula:**Profitability**

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 $\frac{\text{EBIT (minus Interest Revenue)}}{\text{Revenue (minus interest revenue)}}$ **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 $\frac{\text{EBIT (before gross interest expense and excluding abnormal items)}}{\text{Annual interest payments}}$

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 uncertainty

Icon Water's revenue targets in the 2017–18 budget and forward estimates are underpinned by the Industry Panel's final decision, setting prices until the end of 2017–18. The budget assumes prices are reset from 2018–19.

Climatic conditions

Average 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 and pumping and treatment costs. Extreme weather events may result in financial losses and delays in our operations.

ActewAGL's operations

The current legal proceedings and interim regulatory arrangements will impact the profitability and cash flow of ActewAGL.

Since ActewAGL Distribution's electricity network determination for the current regulatory period was set aside by the Australian Competition Tribunal on 26 February 2016, electricity income for 2016–17 was based on 2015–16 prices adjusted by the Consumer Price Index and a broadly similar process is expected to apply in 2017–18. The electricity income for ActewAGL Distribution for the remaining year of the current regulatory period (2018–19) would then be subject to the outcome of the Australian Energy Regulator's (AER) appeal to the Federal Court and the Australian Energy Market Commission acceptance of (or variation to) ActewAGL Distribution's proposed rule change for a participant derogation to carry forward and smooth some allowed revenue into the next regulatory control period 2019–24.

ActewAGL Distribution gas income assumptions are based on the income allowed by the AER in their final decision on ActewAGL Distribution's gas access arrangement for 2016 to 2021 which was released in May 2016. The income allowed for ActewAGL Distribution's gas network in 2017–18 will vary from the previous year according to the annual allowance detailed in the 2016 to 2021 access arrangement. The gas income allowed for 2017–18 may vary as a result of the forthcoming decision by the Australian Competition Tribunal on the AER's final decision for ActewAGL Distribution gas access arrangement.

ActewAGL Retail's electricity retail prices in the ACT will continue to be regulated by the Independent Competition and Regulatory Commission (ICRC) with 2017–18 being the start of a new three year regulatory period. The ICRC's final decision and price direction is due in June 2017 and will apply from 1 July to 30 June each year.

Gifted Assets

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

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 benefits through lower borrowing costs from the ACT Government's AAA credit rating, which is far superior to Icon Water's implied BB credit rating. The ACT Government may charge Icon Water a loan guarantee fee that reflects the difference in this borrowing cost. 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 (excluding gifted assets).

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 2017–18 we expect to maintain the same donation and sponsorship contribution of \$500,000 as we did in 2016–17.

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. The table below shows the estimated revenue for each category.

Community Services Obligations	Estimated Revenue 2017–18 \$000
Water services for schools, hospitals, charities and churches or ecclesiastical establishments	1,545
Water services rebates to pension and health benefit card holders	725
Sewerage services for schools, hospitals, charities and churches or ecclesiastical establishments	3,607
Sewerage services rebates to pension and health benefit card holders	5,006
ACT Civil and Administrative (ACAT) discharges	25

Capital works

The future general capital works program is designed to renew infrastructure to maintain service standards, expand the network to support growth in the ACT, improve our assets to generate efficiencies and renew a number of operational systems including our work management systems.

The table below shows the capital works projects with the highest forecast expenditure in 2017–18.

Project Description	Program	Driver	Stage	2017–18 Forecast \$000	2018–19 Forecast \$000	Forecast Cost at Completion \$000
Lower Molonglo Water Quality Control Centre (LMWQCC) Tertiary Filters and Disinfection System Upgrade	Sewerage	CAPEX Growth	Develop	\$12,778	\$8,738	\$28,574
LMWQCC Solid Handlings - Screens, Grit and Ventilation Upgrade	Sewerage	CAPEX Efficiency	Develop	\$10,092	\$1,750	\$15,404
LMWQCC Furnace and Exhaust System Upgrade	Sewerage	CAPEX Regulation	Develop	\$7,039	\$3,111	\$13,649
LMWQCC Aeration Blower Renewal	Sewerage	CAPEX Renewal	Execute	\$5,386	\$56	\$14,995
LMWQCC Solid Handlings - Sludge Holding Tank	Sewerage	CAPEX Regulation	Execute	\$4,980	\$0	\$12,874
Asset Management and Maintenance Solution	IT	CAPEX Renewal	Develop	\$15,079	\$4,825	\$29,996
Sewer Rehabilitation 2017–18	Sewerage	CAPEX Renewal	Evaluate	\$7,809	\$0	\$7,809
Water Main Renewals 2017–18	Water	CAPEX Renewal	Evaluate	\$5,776	\$0	\$5,776
Critical Infrastructure Stage 2	Water and Sewerage	CAPEX Regulation	Develop	\$5,225	\$0	\$6,299
Water Network Electrical, Instrumentation, Monitoring and Control	Water	CAPEX Renewal	Develop	\$4,626	\$8,590	\$21,845

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 a Risk and Assurance Committee (RAC) 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 RAC reviews key risks and their treatment on a regular basis. A description of our key risks in each risk category for 2017–18 and related mitigation strategies is provided in the table below.

Key risks for 2017–18

Category	Overview of key risks	Mitigation strategies
Strategic	Icon Water faces a number of risks that impact on the achievement of strategic objectives. Key risk events include failure to effectively implement operational technology, manage sustainable gearing levels and deliver services to continue to meet growth requirements.	Mitigation strategies include a dedicated program management office to oversee strategic projects, including effective change management; and implementation of the financial and customer management strategies.
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 safety incidents involving staff and management of toxic gases in the sewer network.	Icon Water's Work Health and Safety Strategy is the overarching mitigation. It is supported by a Safety Management System that is certified to the relevant Australian standard. A baseline sewage quality monitoring program has commenced and a trial of new gas detectors is also underway to assist with identification of toxic gases in the network.
Operational	Icon Water has a number of key operational risks relating to the continuity of supply of water and sewerage services, management of the water and sewer network and our ability to respond to business interruptions.	Mitigation strategies include business interruption and emergency response plans, oversight of projects by the program management office, improved network monitoring, identification of alternate suppliers for critical goods and services and efficient management of assets.
Financial	Icon Water's key financial risks relate to expenditure on regulated assets and asset management planning.	Mitigation strategies include a sound governance structure to ensure prudent expenditure, oversight of projects by a dedicated project management office and asset management planning processes.
Environmental	Icon Water manages a number of environmental related risks, the most significant being the uncontrolled release of raw sewage.	Mitigation strategies include network performance monitoring, planned and reactive maintenance work, site building and drainage and compliance with design and operating standards.
Reputation	Icon Water takes pride in its reputation and manages a number of reputation related risks as part of its business operations.	Aside from Icon Water's customer facing website and faults call centre, mitigation strategies include the implementation of the customer strategy, engagement of community groups and development of an improved customer communication system.
Legal/compliance	Icon Water has a dynamic legal and regulatory environment and the key legal/compliance risks reflect the organisation's ability to keep pace with these changes.	Mitigation strategies include software to manage legal obligations, staff training, disaster/emergency plans, real time monitoring of the network and use of internal and external legal advisors.

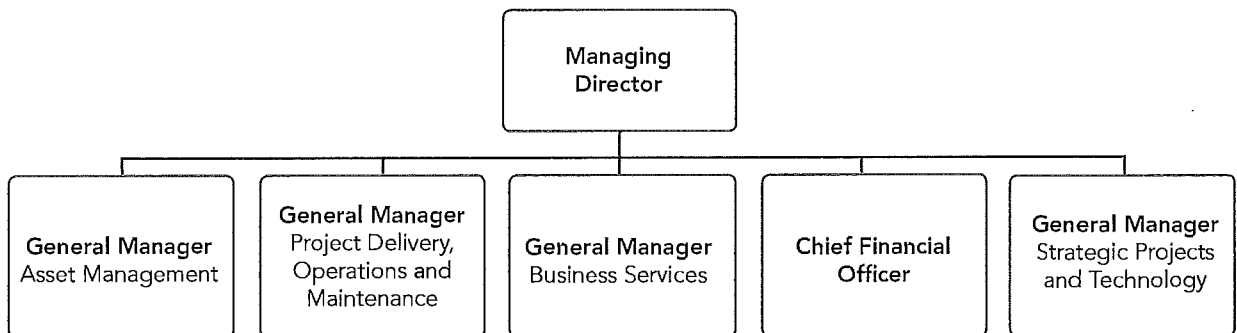
Governance and accountability

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 five groups.



Energy investment

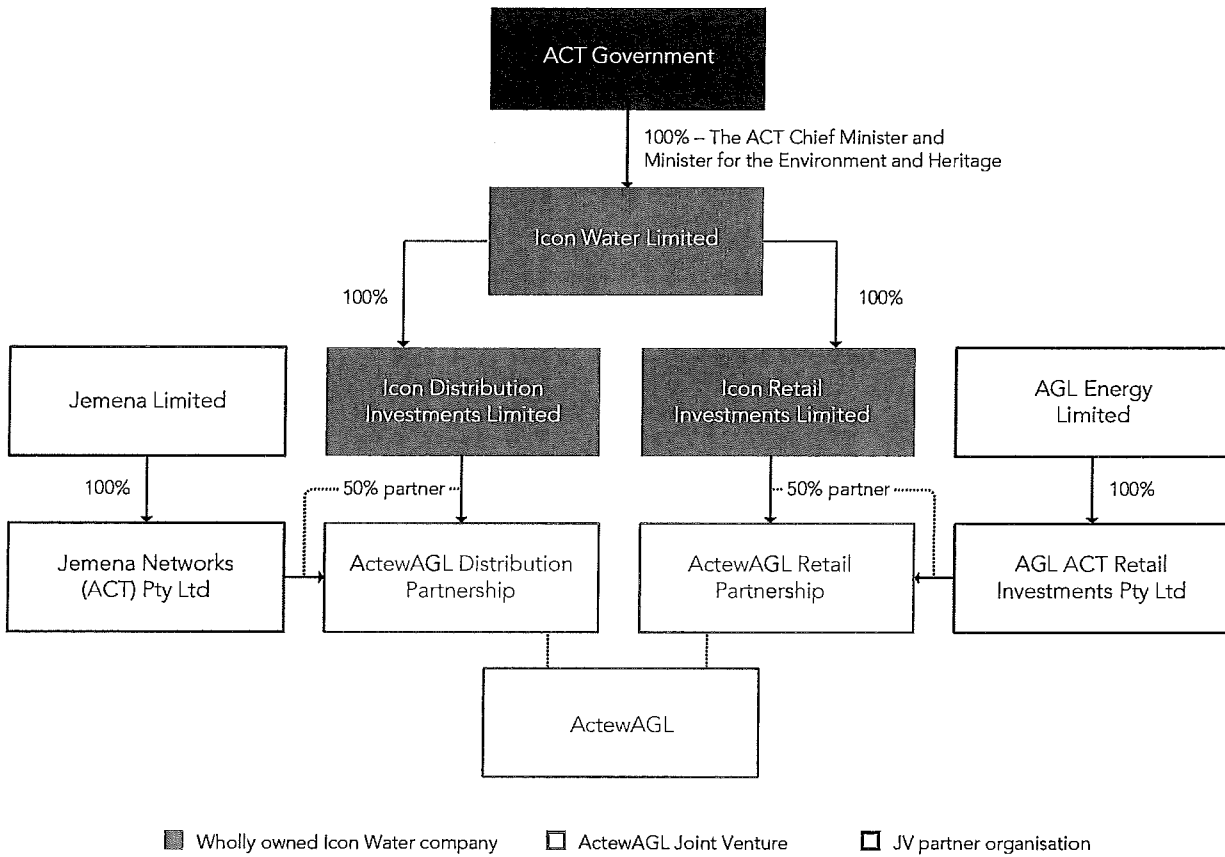
Icon Water is a 50% partner in ActewAGL. ActewAGL consists of two partnerships:

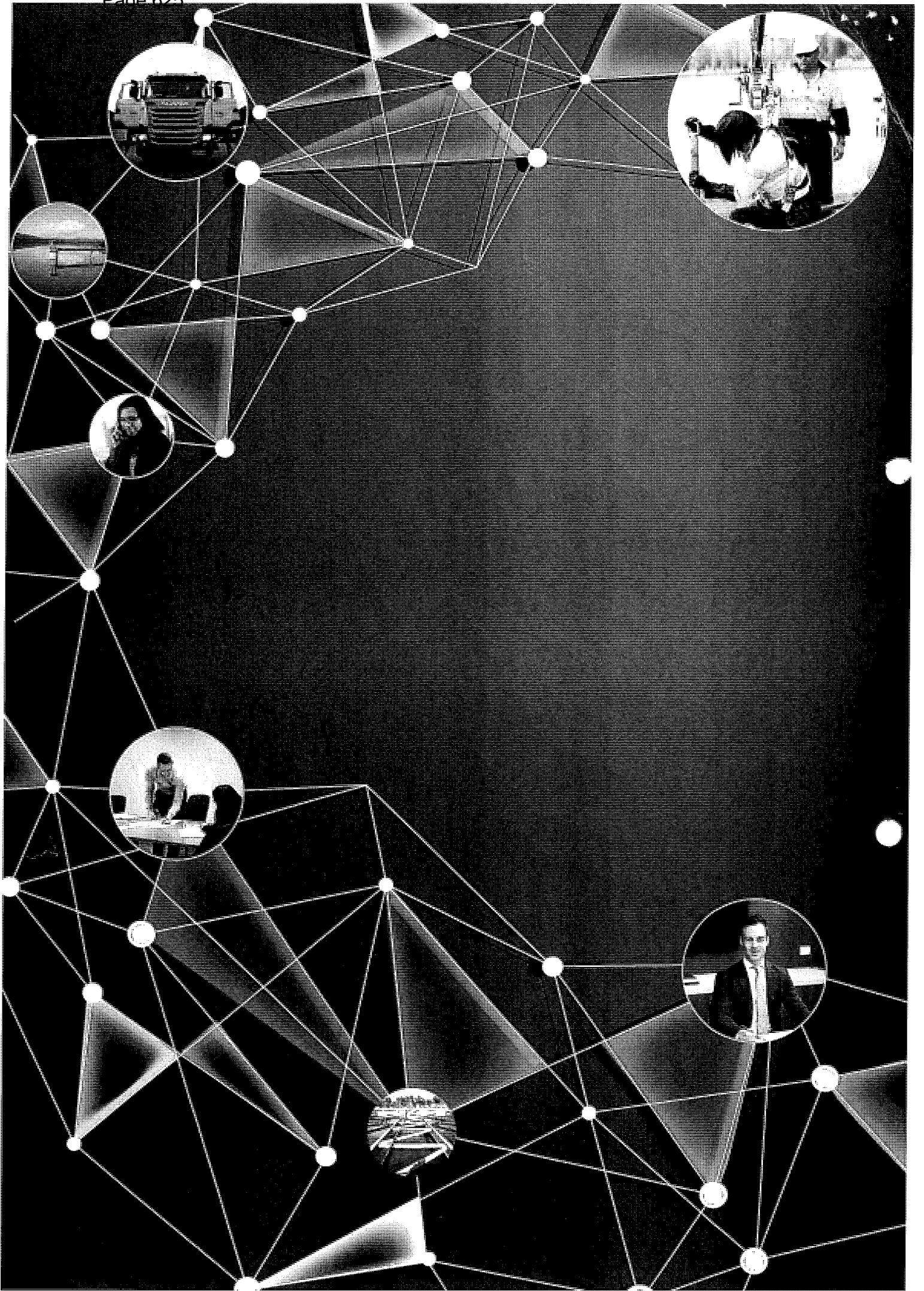
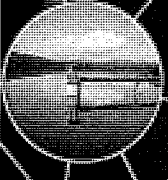
- ActewAGL Distribution which owns and operates the electricity network in the ACT and the gas network in the ACT and in certain adjacent regional centres.
- ActewAGL Retail which sells electricity and gas to its residential, commercial and government customers in the ACT and surrounding region.

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

- 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.
- The investment should deliver benefits to Icon Water which are consistent with Icon Water's main objectives under the TOC Act.

Ownership structure







MINISTERIAL BRIEF

Chief Minister, Treasury and Economic Development Directorate

SENSITIVE

To: Treasurer

Tracking No.: CMTEDD2017/1050

Minister for the Environment and Heritage

From: Director, Expenditure Review Division

Date: 13 April 2017

Subject: Icon Water Limited's (Icon) draft Statement of Corporate Intent (SCI)

Critical Date: 18 April 2017

Critical Reason: To recommend the Voting Shareholders respond to Icon's draft SCI in keeping with the statutory reporting requirements of the Territory-owned Corporations Act 1990.

- UNDER TREASURER [redacted] 13/4/17

Purpose: To seek Voting Shareholder agreement to Icon's Draft SCI for 2017-18 to 2020-21

Recommendations

That you both sign the letter at Attachment B in your capacity as Voting Shareholders.

~~AGREED~~/NOT AGREED/PLEASE DISCUSS AGREED/NOT AGREED/PLEASE DISCUSS

Andrew Barr MLA.. [redacted] 13/4/17

Mick Gentleman MLA.. [redacted] 19/4/17

Minister's Office Feedback

SENSITIVE

SENSITIVE

Background

1. In accordance with Section 19 of the *Territory-owned Corporations Act 1990* (TOC Act), Icon has submitted a draft 2017-18 to 2020-21 SCI for your consideration (Attachment A refers).
 - a. Icon must consider your comments before submitting the final SCI on 16 May 2017 - if Icon does not agree with any comments it must consult with the Voting Shareholders to try and reach agreement.
 - b. The Treasurer is required to present the final SCI to the Legislative Assembly within 15 sitting days from when it is received by the Voting Shareholders.
2. The SCI is intended to establish an annual operating framework by identifying the broad strategic directions to be undertaken by Icon and provides the Voting Shareholders with the opportunity to influence Icon's strategic direction.

Issues

3. The forecast financial statements and key financial performance ratios are shown on pages 16 to 20 with estimated net profits after tax ranging from **\$81** million to **\$90** million for the period 2016-17 to 2019-20 compared to the forecasts for the same period contained in the previous 2016-20 SCI of **\$82** million to **\$110** million.
4. You should be aware these are preliminary estimates subject to future regulatory decisions concerning water and electricity. There may also be further revisions based on more up to date actual results before the SCI is finalised.
 - a. The next ICRC determination for ActewAGL retail is due to be handed down in June 2017 to commence on 1 July 2017, for water and sewerage the final determination is due to be handed down in May 2018 to commence on 1 July 2018, the next ActewAGL wholesale determination is due 1 July 2019.
5. Icon Water has proposed the following changes to their dividend and income tax equivalent payments that will impact on the headline net operating balance.

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
2016-17 Budget Review	106,775	109,330	132,160	151,979
2017-18 Draft SCI	107,448	95,801	108,649	118,670
Difference	713	-13,529	-23,511	-33,309

SENSITIVE

SENSITIVE

Proposed Voting Shareholder Response

9. In responding to the draft SCI it is proposed you indicate you support the general strategic direction presented by the Board in the draft SCI.
10. A letter has been prepared for both of you to sign at Attachment B.

Financial Implications

11. The downward variations in the projected water and electricity revenues from the previous SCI will have a negative impact on the Net Operating Balance.

ConsultationInternal

12. Finance and Budgets Division.

Cross Directorate

13. Nil

External

14. Icon Water

Benefits/Sensitivities

15. Nil

Media Implications

16. Nil

Signatory Name: Stuart Friend

Phone: 70213

Action Officer: Tony Hays

Phone: 75062

Attachments

Attachment	Title
Attachment A	Letter and SCI from Icon Water dated 16 March 2017
Attachment B	Draft Letter to Icon Water

SENSITIVE



64

Andrew Barr MLA
Chief Minister

Member for Kurrajong
Treasurer
Minister for Economic Development
Minister for Tourism and Major Events

Mr John Knox
Managing Director
Icon Water Limited
GPO Box 366
CANBERRA ACT 2601

Dear Mr Knox *John*

We write in response to your letter dated 16 March 2017, which included Icon Water's draft 2017-21 Statement of Corporate Intent (SCI) for our consideration.

We are satisfied the SCI has been prepared in accordance with the guidelines provided by the Treasurer in his letter dated 7 February 2017 and support the general strategic direction that has been put forward by the Board.

We also acknowledge that in finalising the financial projections variations may be made to the final SCI, which will need to align with budget paper estimates. We further recognise the financial strategy may need to be reviewed subject to Jemena confirming their position in relation to the proposed ActewAGL debt facility.

We look forward to receiving Icon Water's final SCI.

Yours sincerely



Andrew Barr MLA
Treasurer

19 APR 2017



Mick Gentleman MLA
Minister for the Environment and Heritage

19 APR 2017

AUSTRALIAN CAPITAL TERRITORY LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601, Australia GPO Box 1020, Canberra ACT 2601, Australia
Phone +61 2 6205 0011 Fax +61 2 6205 0157 Email barr@act.gov.au





MINISTERIAL BRIEF

Chief Minister, Treasury and Economic Development Directorate

SENSITIVE

To: Treasurer

Tracking No.: CMTEDD2017/174

Minister for the Environment and Heritage

From: Director, Expenditure Review Division

Date: 26 April 2017

Subject: Voting Shareholder Quarterly Meeting with Icon Water

Critical Date: 1 May 2017

Critical Reason: To provide a brief to the Voting Shareholders for the above meeting to be held on 3 May 2017.

• UT [redacted] 23/4/17

Purpose: To Brief the Voting Shareholders on issues to be raised by Icon Water.

Recommendations

That the:

- 1. Voting Shareholders note the brief.

Noted/Please Discuss

Noted/Please Discuss

Andrew Barr MLA. [redacted] ... 2/5/17

Mick Gentleman MLA. [redacted] ... 28/4/17

Minister's Office Feedback

SENSITIVE

SENSITIVE

Background

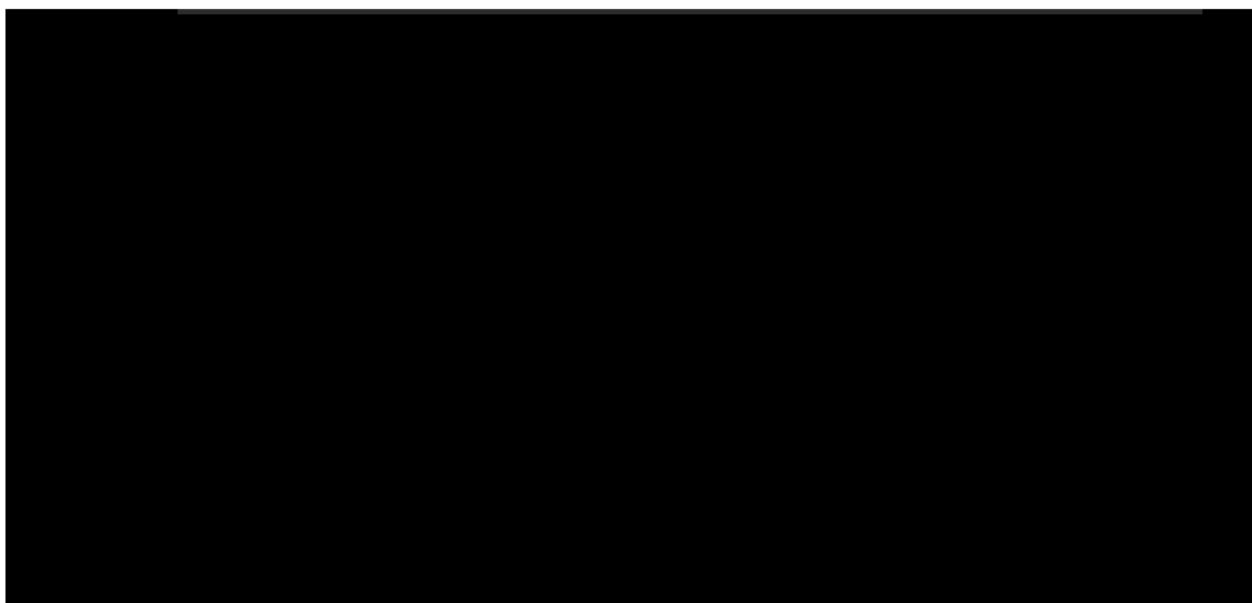
1. The Voting Shareholders are scheduled to meet with Icon Water/ActewAGL for the next quarterly meeting on Wednesday 3 May 2017 from 10.00 to 11.00 am in the Executive Meeting Room in the Chief Minister's office.
2. Icon Water has submitted the following discussion items:
 - i) ActewAGL Gas Billing Processes
 - ii) ActewAGL Structure Review
 - iii) ActewAGL Rebranding
 - iv) ActewAGL debt facility update
 - v) Icon Water Pricing Submission
 - vi) 2016-17 Financial performance and forward Budget (SCI)
 - vii) M2G Pipeline pursuit of alternative maintenance options
3. Principal attendees include:
Departmental Officials: David Nicol, Under Treasurer, Ben Ponton, DG EPSDD, Stuart Friend, Director, Expenditure Review Division.
Icon Water: Ms Wendy Caird, Chair, Carol Lilley, Deputy Chair, John Knox, Managing Director, and Sam Sachse, General Manager Finance.
ActewAGL: Michael Costello, Chief Executive Officer (Item 1 only)

Issues

4. Background information against each topic is as follows:

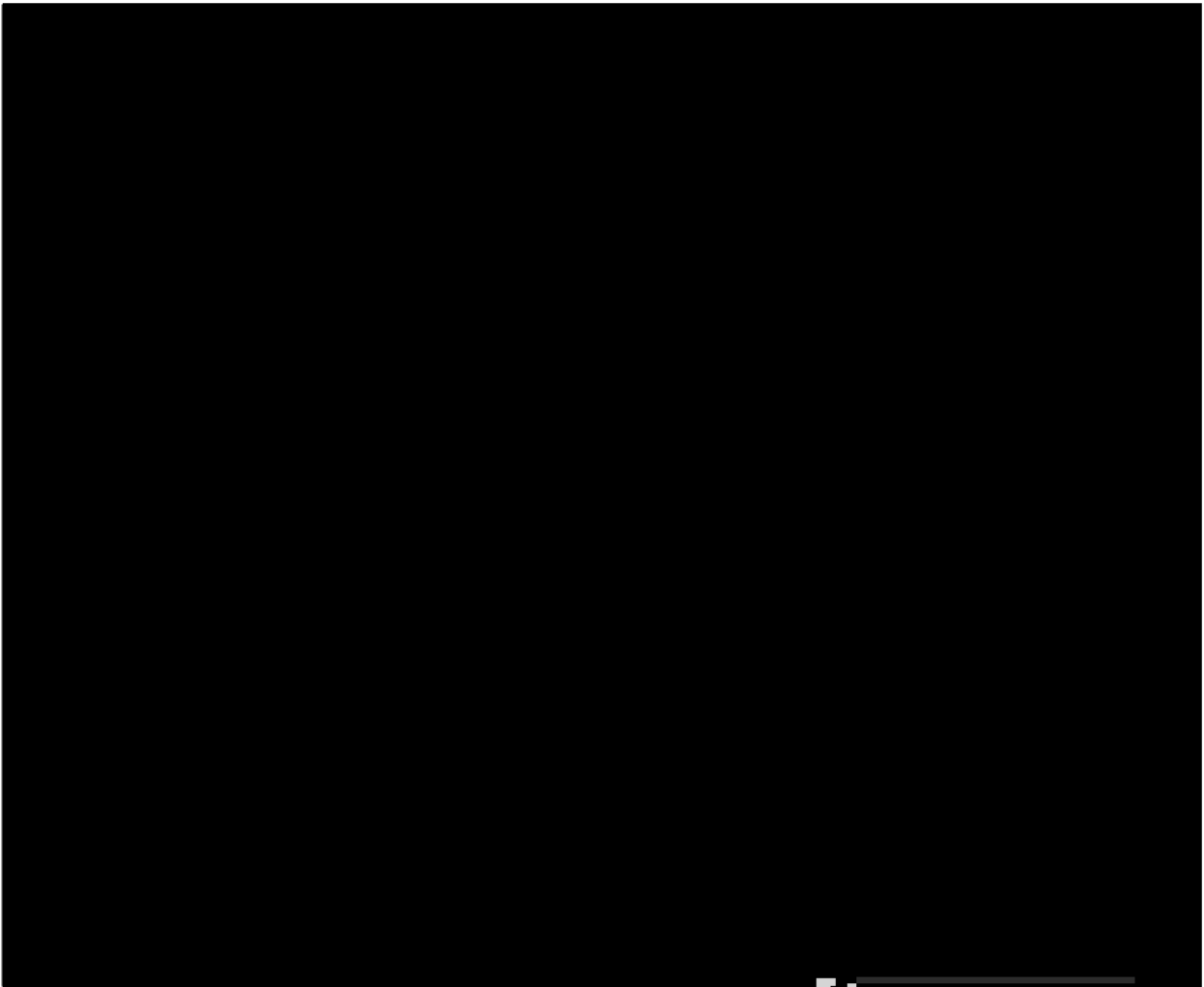
Topic 1. ActewAGL Gas Billing Processes

5. Michael Costello will provide an update on ActewAGL's efforts to address widespread customer concerns due to receiving gas bills based on estimated usage rather than actual meter readings.



SENSITIVE

SENSITIVE



Topic 6. 2016-17 Financial performance and Forward Budget (SCI)

12. A summary of the revised financial performance for 2016-17 based on the February 2017 forecast is as follows:

Item	Budget 2016-17 \$'000	Revised Forecast 2016-17 \$'000	Variance \$'000
Water Revenue	190,830	182,046	(8,784)
Sewerage Revenue	127,850	122,920	(4,930)
Joint Venture Dividend	73,163	82,153	8,990
Other Income	26,176	26,779	603
Less Expenses	301,352	293,429	7,923
Profit before Tax	116,665	120,469	3,804
Less Income Tax (ITE)	34,999	37,336	2,337
Net Profit after Tax	81,666	83,133	1,467
Less Gifted Assets	9,892	9,431	(461)
Profits available for Dividend	71,774	73,702	1,928

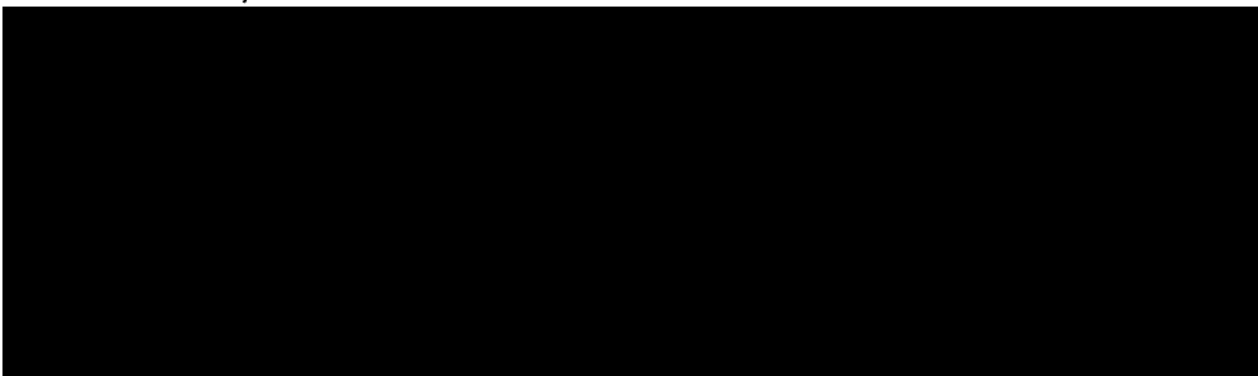
SENSITIVE

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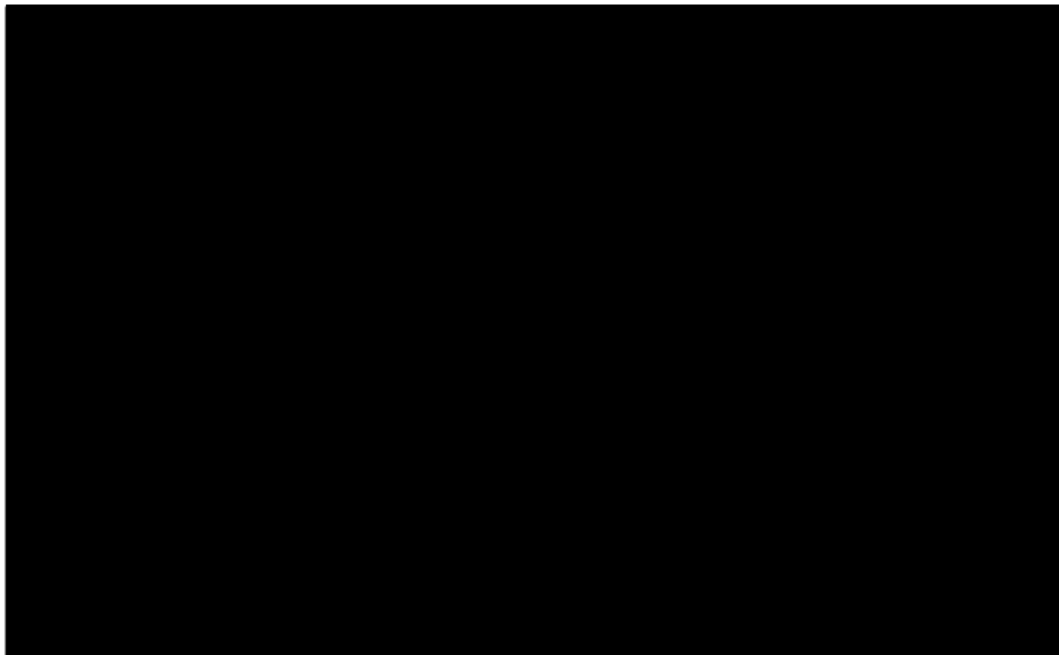
13. Icon Water is on track to meet its budget targets for 2016-17 with a net increase in projected dividend (\$1.9m) and increased ITE (\$2.3m) which is mainly due to a favourable result in the energy investment due to higher volumes and lower costs of sales, together with water operating expense savings offset by reduced revenue from the water and sewerage business due to customer numbers and consumption volumes being lower than budgeted for.
14. As you are aware from a recent Treasury brief (TRIM 2017-1050) Icon Water provided its 2017-18 budget and forward estimates in its draft Statement of Corporate Intent (SCI). You signed a letter on 19 April 2017 to Icon Water advising that you were in agreement with their general strategic direction recognising that the numbers in the draft SCI may be varied as the final budget numbers are completed. Following office to office discussions Icon Water has made some revisions to the estimates which will be reflected in the final Budget and SCI.
15. The table below shows the NOB Impact from variations for dividends and tax payments to the Government in the new 2017-18 Budget/SCI period compared with the 2016-17 Budget and SCI.

	2016-17 Budget \$'000	2017-18 Draft Budget \$'000	2018-19 Estimate \$'000	2019-20 Estimate \$'000
2016-17 Budget	109,494	112,122	135,111	155,118
2017-18 Budget/SCI	111,038	100,160	115,653	125,156
Difference- NOB Impact	1,544	(11,962)	(19,458)	(29,693)

16. Driving these projected reductions are anticipated future regulatory determinations yet to be made. The next ICRC pricing determination for ActewAGL retail is due to commence on 1 July 2017 (Final Determination due June 2017). The next water and sewerage pricing determination is due to commence on 1 July 2018 (Final Determination due May 2018). The next ActewAGL wholesale determination is due to start on 1 July 2019.



SENSITIVE



Topic 7. M2G pursuit of alternative maintenance options

18. Icon is intending to obtain independent expert advice on the future expected use of the pipeline and its maintenance costs.

Financial Implications

19. Nil

Consultation

Internal

20. EFG

Cross Directorate

21. Nil

External

22. Icon Water

Benefits/Sensitivities

23. To update the Voting Shareholders on current issues facing Icon Water and ActewAGL.

Media Implications

24. Nil.

Signatory Name: Stuart Friend

Phone: 70213

Action Officer: Tony Hays

Phone: 75062



2 May 2017

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

Mr Mick Gentleman MLA
Minister for the Environment and Heritage
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Dear Chief Minister *Andrew*

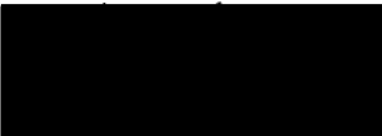
Dear Minister *Mick*

I am pleased to provide Icon Water Limited's (Icon Water) third quarter 2016-17 report recently approved by the Icon Water Board at its meeting on 26 April 2017.

The attached report provides a summary for the quarter 1 January to 31 March 2017 against the 2016-17 activities outlined in the Icon Water 2016-17 to 2019-20 Statement of Corporate Intent.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director



**Statement of Corporate Intent
Third Quarter Report to Shareholders
1 January 2017 to 31 March 2017**

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1 Overview

The 2016–17 to 2019–20 Statement of Corporate Intent (2016–17 SCI) details the four strategies Icon Water Limited (Icon Water) will pursue to achieve its objectives under the *Territory-owned Corporations Act 1990* (TOC Act) and its four strategic objectives.

Under the TOC Act, Icon Water has four main objectives:

- **Efficiency:** operate at least as efficiently as any comparable business.
- **Sustainable return:** maximise the sustainable return to our shareholders on the investment in ACTEW (now named Icon Water Limited).
- **Social responsibility:** 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.
- **Ecologically sustainable development:** effective integration of environmental and economic considerations in decision-making processes.

The 2016–17 SCI identifies the four strategic objectives over the period 2016–17 to 2019–20 as:

- **People** – a culture that protects, engages and develops our people.
- **Asset Management** – excellence in asset management.
- **Customer** – meeting customer needs, exceeding customer expectations.
- **Financial** – sustainable financial returns and gearing.

The 2016–17 SCI outlines the four strategies relating to the above strategic objectives as well as performance measures and targets to enable monitoring and reporting against achievement of these objectives.

The following pages provide outcomes for the third quarter, 1 January 2017 to 31 March 2017 against key activities for 2016–17 contained in the 2016–17 SCI.

2 People strategy

2.1 2016–17 key activities

Key activities for 2016–17 include:

- Commence a safety engagement program to engender a belief amongst all staff that all safety incidents are preventable.
- Continue implementation of a Just Culture framework.
- Commence a program to reduce musculoskeletal injuries.
- Deliver unconscious bias training to Executives, Managers and Team Leaders.
- Develop a leadership capability framework for Executives, Managers and Team Leaders.
- Conduct an employee engagement survey.

2.2 Quarter 3 outcomes

Implementation of the safety engagement program continues and is on track. Five programs were conducted in the quarter that involved 82 employees. Feedback from the program continues to be very positive.

There were five workshops conducted with supervisors and managers who have already participated in the safety engagement program. The purpose of these workshops was to remind participants of the principles of the program and to review individual work commitments. This workshop prepares people in leadership positions to have conversations with their direct reports about the program.

A draft Just Culture framework was presented to the Executive for discussion. This framework utilises a concept from the safety engagement program. Consultation on the framework will commence at the conclusion of the safety engagement program in July 2017.

Three training programs aimed at reducing musculoskeletal injuries were completed in the quarter. This concludes the program for Maintenance Services – Field employees and the program is now targeted at the Maintenance Services – Lower Molonglo Water Quality Control Centre (LMWQCC) employees.

A development program for managers has commenced, initially focussing on effective communication and inclusive leadership (incorporating unconscious bias).

Group action planning has commenced as a result of the November engagement survey with particular focus on communication.

A women's networking and professional development forum, Inspire Collective, was launched in February. Guest speakers Wendy Caird and Turia Pitt spoke about resilience, overcoming adversity and organisational initiatives to promote inclusiveness and diversity. This is a joint initiative between Icon Water and ActewAGL and aims to provide women with professional development and networking opportunities across both businesses.

Preparations are underway to introduce structured programs for graduates and trainees in July 2017.

3 Asset management strategy

3.1 2016–17 key activities

- Finalise the projects to document all asset management processes to leverage the International standard on asset management (ISO 55001:2014 *Asset Management – Management Systems - Requirements*).
- Finalise the revision of all costed maintenance plans that link to stakeholder objectives.
- Commence the Asset Maintenance Management System (AMMS) project to provide information technology solutions to better understand and enhance our use of asset data to inform consistent asset management decisions.
- Develop asset planning analytics and predictive modelling tools to further optimise asset management decisions.
- Provide updated Asset Management Plans and a robust pricing submission to the economic regulator.

3.2 Quarter 3 outcomes

The contract for the provision of software and support for the new Asset Management and Maintenance System (AMMS) has been executed with the successful supplier [REDACTED]. Implementation has been initiated, commencing with the appointment of key project resources – including [REDACTED] product specialists.

The IMS Project that will document Icon Water's future state processes is progressing well. Business groups have documented the elements of the target state Business Activity Model (BAM) including a review of the BAM developed in 2015. Business groups have continued to work together to examine process touchpoints and potential overlaps with particular focus on touch points with the new AMMS.

Development of costed maintenance plans has continued with a focus on integrating maintenance costing within the AMMS.

Asset planning and predictive modelling tools developed during the first half of the year have been utilised in the regulatory submission process, particularly in optimising water and sewer mains investment planning.

An Independent Competition and Regulatory Commission (ICRC) information request in January 2017 clearly outlined that the regulator would expect to see that the future work program would align with Asset Management Plans (AMP's). Asset Management Plans for all asset classes have been drafted and are currently being edited by a technical writer, with the first of these presented to the Executive Committee at the end of March. The identified initiatives outlined in the AMP for the 2018 – 2023 regulatory periods have undergone detailed costing and prioritisation. Supporting documentation for capital projects has been drafted and is undergoing business review and approval.

Review of Icon Water's Enterprise Asset Management (EAM) strategy has made significant progress with the objective of providing greater clarity on objectives and establishing appropriate key performance indicators.

4 Customer strategy

4.1 2016–17 key activities

- Commence the customer CARE (Connect, Assist, Review, Engage) program.
- Launch the “Talking Icon Water” customer engagement program, including the introduction of a community consultative forum.
- Continue to realign the Community Support Program to our new brand.
- Refine our technology to provide contemporary self-service channels for seamless customer service.

4.2 Quarter 3 outcomes

An annual review of the customer strategy resulted in some improvements, providing greater clarity around the approach to achieving objectives (through use of the CARE model), identifying key initiatives and clarifying the interaction between the customer strategy and other key strategies (including the asset management strategy).

The Talking Icon Water community engagement program has delivered three surveys and two targeted community engagement forums in quarter 3. In particular, the two developer forums on the proposed capital contributions code successfully captured the voice of the developer community resulting in significant changes to our final submission to the regulator.

The community consultative forum continues to meet every two months. The topics for discussion have focused on the water and sewer tariff. The forum has provided invaluable insight in shaping the proposed tariff, which will be submitted to the Independent Competition and Regulatory Commission (ICRC) in June 2017.

Investigation of an appropriate Customer Management System has been delayed by staff turnover in the Project Manager role. Recruitment activity is underway to appoint a new project manager.

5 Financial strategy

5.1 2016–17 key activities

- Continue to define the efficiency opportunities within Icon Water and the program of works required to realise the benefits.
- Continue with the introduction of a debt program for ActewAGL Distribution.

5.2 Quarter 3 outcomes



6 Key service delivery targets

Key Service Delivery Targets were set by Icon Water against industry standards used by comparable utilities. The targets were selected from a range of measures included in the National Performance Report to the Bureau of Meteorology. Table 1 (over page) details performance against the key service delivery targets. For the third quarter, Icon Water met 18 out of the 21 targets. Water service complaints (per 1000 properties) and net greenhouse gas emissions (net CO₂ equivalent per 1000 connected water properties) are slightly above the target. Real losses (litres/service connection/day) are above the target, with investigations continuing to determine the reason.

Table 1. Key service delivery targets – 2016–17 Results

Service delivery measures		Target 2016-17	1 st Quarter Results	2 nd Quarter Results	3 rd Quarter Results	YTD Results
Water						
Quality	Compliance with routine monitoring against the Public Health (Drinking Water) Code of Practice 2007 (ACT): (%)	100	99.53	99.57	99.93	99.68
	Number of zones where drinking water microbiological compliance is achieved (%)	100	100	100	100	100
Reliable supply	Water main breaks (per 100km of water main)	20-25	2.77	1.99	2.29	7.04
	Average duration of an unplanned interruption – water (minutes)	111-150	127.97	138.26	103.92	123.61
	Frequency of unplanned interruption – water (per 1000 properties)	63-127	20.53	13.29	14.44	48.26
	Real losses (litres/service connection/day)	59-73	50	99 ¹	150 ¹	100
	Water volume ² to meet demand (ML/day)	140-300	105.34	138.04	184.54	142.6
Sewerage						
	Sewerage mains breaks and chokes (per 100km sewer main)	40-66	14.36	11.80	9.31	35.46
	Property connection sewer breaks and chokes (per 1000 properties)	8-15	3.28	2.03	1.72	7.03
	Average sewerage interruption (minutes)	37-44	33.53	33.86	35.38	34.13
Customer satisfaction						
	Water quality complaints (per 1000 properties)	0.9-2.0	0.32	0.28	0.17	0.78
	Water service complaints (per 1000 properties)	1.0-2.0	0.75	0.50	0.62	1.88
	Sewerage service complaints (per 1000 properties)	1.0-2.0	0.26	0.22	0.25	0.74
	Billing and account complaints – water and sewerage (per 1000 properties)	0.1-1.5	0.15	0.09	0.07	0.31
	Total water and sewerage complaints (per 1000 properties)	3.5-5.0	1.43	1.10	1.11	3.64
Environment and sustainability						
	Compliance with environmental flow requirements, licence requirements and environmental authorisations (%)	100	100	100	100	100
	Net greenhouse gas emissions (net CO ₂ equivalent per 1000 connected water properties)	<257 ³	66 ⁴	63	66	195
	Sustainability infrastructure scorecard is incorporated into all capital projects over \$50,000	100%	100	100	100	100
	Operational resource use and waste reduction ⁵	TBD ³				
	- generation of waste (tonnes)		1,747	3,107	2,144	6,998
	- paper use (ream)		863	563	514	1,940
	- water use (kL)		48,507	46,268	-2,843 ⁶	91,932
	Percentage of biosolids reused (%) ⁷	100	100	100	100	100
	Recycled water (percent of effluent recycled)	11-13	10.73	14.30	14.57	13.20

¹ Billing and metering data is being investigated.

² Volume is the total production by the water treatment plants and supply through the water supply system.

³ Representing a reduction year on year.

⁴ Figure updated from 62 net CO₂ equivalent per 1,000 connected water properties following final submission of invoices.

⁵ Operational resource use refers to consumption of chemicals, water, paper and generation of waste.

⁶ This result recognises significant adjustments due to inaccurate water consumption readings in Q1 and Q2 made at Lower Molonglo Water Quality Control Centre.

⁷ Percentage of biosolids reused may be greater than 100% if a utility is reusing stockpiles of biosolids.



16 May 2016

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

Mr Mick Gentleman MLA
Minister for the Environment and Heritage
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Dear Chief Minister

Handwritten signature of Andrew Barr in cursive.

Dear Minister

Handwritten signature of Mick Gentleman in cursive.

I am pleased to provide you with the final Icon Water Limited (Icon Water) *Statement of Corporate Intent 2017-18 to 2020-21* (SCI) approved by the Icon Water Board on 26 April 2017.

As foreshadowed in your letter dated 19 April 2017, the SCI now includes financial forecasts which match the final budget for 2017-18 to 2020-21 to be shown in the 2017-18 Budget papers. We have also adjusted the financial strategy to reflect recent developments in regard to the debt program for ActewAGL Distribution.

Additional changes prompted by an internal review include minor updates to the:

- Enterprise Asset Management Strategy
- industry averages in the performance indicators and targets
- target for the number of sewer surcharges inside customer dwellings.

Copies will be provided to the officers in the Chief Minister, Treasury and Economic Development Directorate to finalise arrangements for tabling in the ACT Legislative Assembly.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director



MINISTERIAL BRIEF

Chief Minister, Treasury and Economic Development Directorate

UNCLASSIFIED

To: Treasurer

Tracking No.: CMTEDD2017/1484

CC: Minister for the Environment and Heritage

From: Director, Expenditure Review Division

Subject: Tabling of Icon Water Statement of Corporate Intent (SCI)

Critical Date: 1 June 2017

Critical Reason: To seek Treasurer agreement to the tabling of the Icon Water SCI in the first sitting week in June 2017 to meet the budget timetable.

- Under Treasurer [redacted] 18/5/17

Purpose: To seek Treasurer approval to table the Icon Water SCI for 2017-18 to 2020-21

Recommendations

1. That, the Treasurer:
 - a) agree to tabling the 2017-18 to 2020-21 Statement of Corporate Intent for Icon Water Limited at Attachment B in the Assembly in the sitting week commencing 6 June 2017 after the 2017-18 Budget has been handed down;
 - b) sign the letter to Icon Water at Attachment C.

AGREED/NOT AGREED/PLEASE DISCUSS

NOTED/PLEASE DISCUSS

Andrew Barr MLA [redacted] 24/5/17

Mick Gentleman MLA [redacted] 23/5/17

Minister's Office Feedback

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Background

1. Icon Water has submitted its final 2017-18 to 2020-21 SCI, in a letter dated 16 May 2017 (see Attachment A).
2. Under Section 19(3) of the TOC Act, the Treasurer is required to present the SCI to the Legislative Assembly within 15 sitting days.

Issues

3. The financial forecasts match those contained in the 2017-18 Budget papers and it is recommended that you table the SCI in the sitting week commencing 6 June 2017.
 - a. At Attachment B is the covering Tabling Document and the Statement of Corporate Intent for tabling.
 - b. CMTEDD will arrange for the bulk copies of the SCI to be delivered for tabling.
 - c. A letter to Icon Water advising of the tabling is at Attachment C for signature by the Treasurer.

Financial Implications

4. The financial projections in the SCI match the 2017-18 Budget figures, which show a decline in the financial distributions over the forward estimates period compared to the 2016-17 Budget and SCI.

ConsultationInternal

5. Finance and Budgets Division.

Cross Directorate

6. Nil

External

7. Icon Water

Benefits/Sensitivities

8. N/a

Media Implications

9. Nil

Signatory Name: Stuart Friend

Phone: 70213

Action Officer: Tony Hays

Phone: 75062

Attachments

Attachment	Title
Attachment A	Letter and SCI from Icon Water dated 16 May 2017
Attachment B	SCI and Tabling Document
Attachment C	Draft Letter to Icon water

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2017

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

TABLING DOCUMENT

**2017-18 to 2020-21 STATEMENT OF CORPORATE INTENT FOR
ICON WATER LIMITED**

**Presented by
Mr Andrew Barr MLA
Treasurer**



Andrew Barr MLA
Chief Minister

Member for Kurrajong

Treasurer

Minister for Economic Development

Minister for Tourism and Major Events

Mr John Knox
Managing Director
Icon Water Limited
GPO Box 366
CANBERRA ACT 2601

Dear Mr Knox *John*

Thank you for your letter dated 16 May 2017 in which you provided Icon Water Limited's final 2017-18 to 2020-21 Statement of Corporate Intent (SCI).

It is my intention to table the SCI in the Legislative Assembly in the sitting week commencing 6 June 2017.

The Voting Shareholders look forward to receiving the regular performance reports informing the Voting Shareholders about Icon's progress in implementing the key objectives and commercial strategies throughout the year.

Yours sincerely


Andrew Barr MLA

Treasurer

24 MAY 2017





29 May 2017

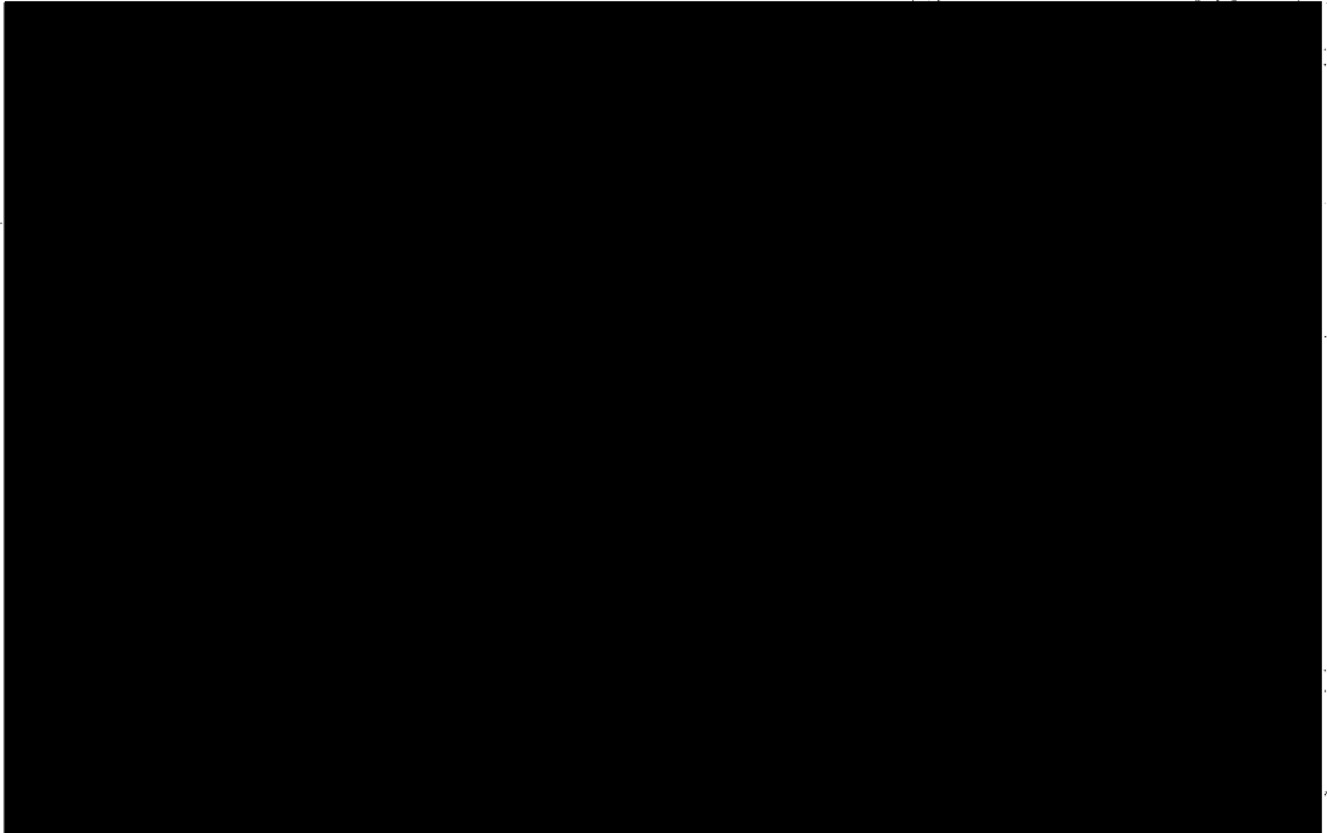
Mr Andrew Barr MLA
Chief Minister
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

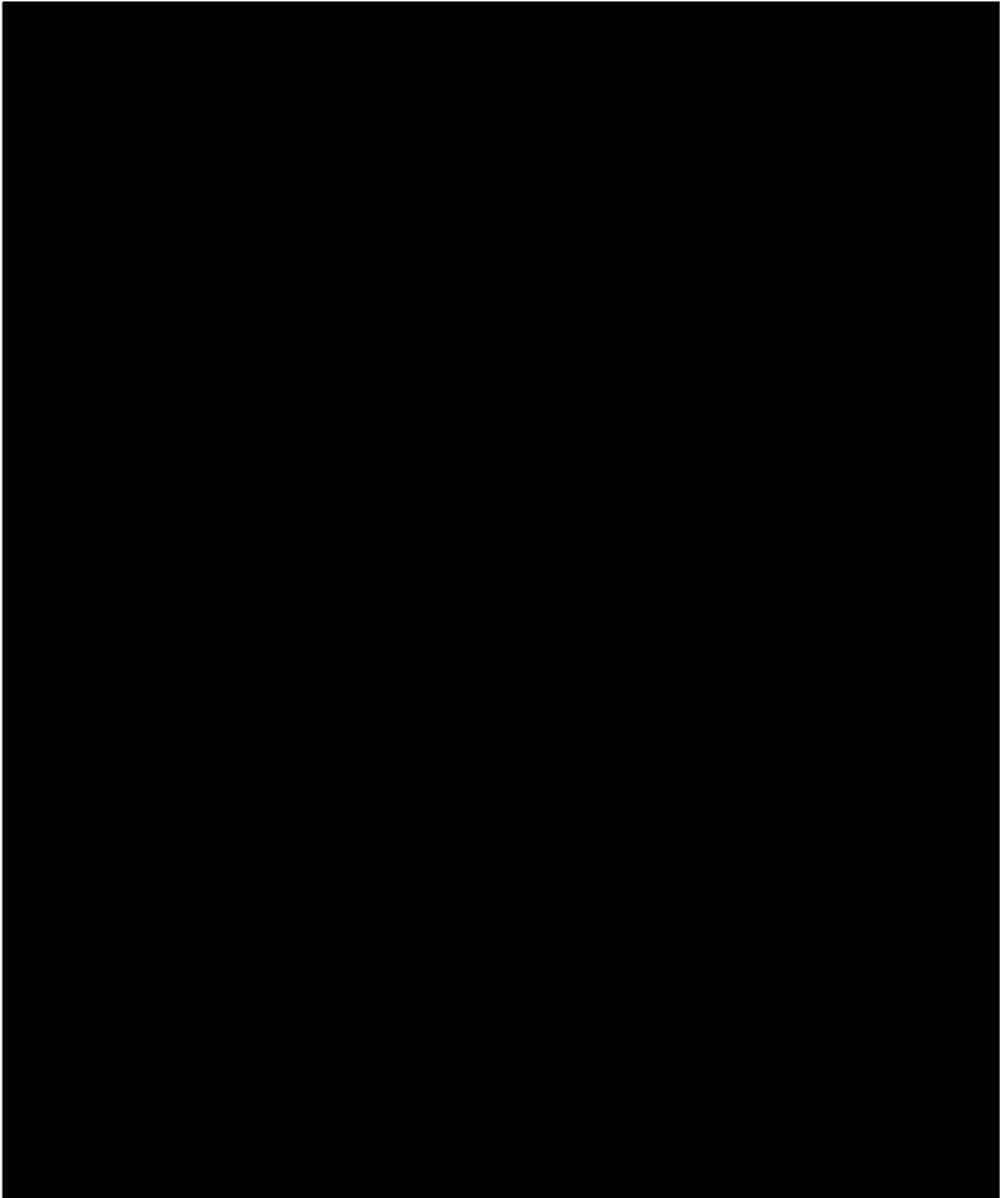
Mr Mick Gentleman MLA
Minister for the Environment and Heritage
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2600

Andrew
Dear Chief Minister
Icon Water shareholder meeting

Mick
Dear Minister

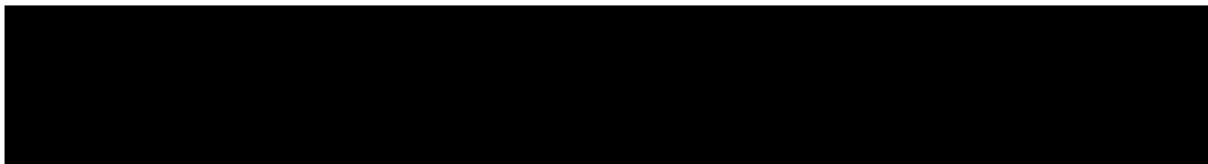
Please find below a summary of the issues we discussed at the Shareholder meeting on 3 May 2017.





10. Murrumbidgee to Googong Pipeline

- Icon Water is investigating the optimum solution to minimise ongoing costs for the Murrumbidgee to Googong Pipeline water security asset, given that the ACT is currently forecasted to be in a position of high level of water security.

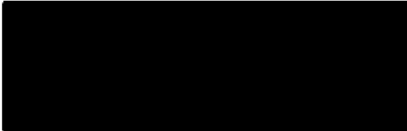




- The investigation is expected to be completed by 31 July 2017.

If you have any questions concerning the above, please do not hesitate to contact me.

Yours sincerely



John Knox
Managing Director