QTON No. 99

Legislative Assembly for the **Australian Capital Territory**
Select Committee on Estimates 2026–2027

Inquiry into Appropriation Bill 2026–2027 and Appropriation (Office of the Legislative Assembly) Bill 2026–2027

Answer to question taken on notice

Asked by: Mr Cocks MLA

Addressed to: Icon Water and Evo Energy

In relation to: Increase in borrowings

Hearing: 27 July 2026
Uncorrected Proof Transcript p 27-28
Transcript provided: 30 July 2026
Answer Due: 6 August 2026

Ms Yau took on notice the following question(s):

MR COCKS: I want to go to a question around borrowings. Table 4, on page 182, of Budget Statements B forecast Icon Waters as borrowings, at $2.517 billion across both current and non-current liabilities. That is a $418 million increase compared with the 25-26 outcome. 19.928 per cent is what I calculate that increase at. What specific projects necessitate near enough a 20 per cent increase in borrowings?

Ms Yau: Thank you, for that question. So if I may explain how our borrowings work, as well as then speak to what is happening with our profile there. So all of Icon Waters, all of our funding does come via ACT government treasury. And we essentially make sure that—and also, we provide a 100 per cent dividend policy. And so all of that goes back into government via our voting shareholders. In terms of what our funding is for, so our funding, not only is there to fund our operations—

MR COCKS: Sorry, just noting the time, I am keen—what specific projects are we talking about for those borrowings?

Ms Yau: So the answer is not project specific. Our borrowings increase because it is whether our water and sewerage needs, or in fact even ActewAGL, and so Evoenergy. And so they also—they obtain their costs via Icon Water as well. And so what you have got in there is a blend of Icon Water needs as well as ActewAGL needs in there. So there is a mix of reasons.

MR COCKS: Can you maybe take on notice to provide a breakdown of—

Ms Yau: To provide more commentary? Yes, we will take the question on notice.

[Ms Yau]: The answer to the Member's question is as follows:

In the long term, Icon Water funds its operations and capital investment through customer revenue, supplemented by debt financing. Consistent with the regulatory pricing framework applied to Australian water utilities, Icon Water's regulated asset base is assumed to be financed by debt and equity.

Icon Water debt is not raised for specific projects. Instead, it funds the overall capital investment program where expenditure exceeds the amount funded through depreciation recovered from customers. As a result, future borrowing requirements comprise both the refinancing of existing debt as it matures and new debt to fund future infrastructure investment.

The largest projects in Icon Water's current five-year capital program relate to our primary treatment plant Lower Molonglo Water Quality Control Centre (LMWQCC). Specifically, renewal of the secondary treatment process and biosolids management infrastructure.

Evoenergy is not currently able to raise debt directly to fund its capital investment program. Instead, it retains a portion of its distribution payments to meet its capital funding requirements. As Icon Water holds a 50 per cent ownership interest in Evoenergy, this means Icon Water's borrowings indirectly support the cash retained by Evoenergy to fund delivery of its capital program.

Capital investment across both Icon Water and Evoenergy is forecast to increase significantly over the coming decade due to aging infrastructure, population growth, electrification and climate change impacts. This growth in investment will require a corresponding increase in debt funding.

To ensure the business remains financially sustainable, Icon Water undertook a review of its capital structure and debt management strategy. A key recommendation was to better align the debt portfolio with the regulatory pricing framework, which recovers debt costs based on a 10-year trailing average cost of debt, and to reduce refinancing risk by smoothing large future debt maturities.

As a result, the latest budget includes bringing forward $200 million of planned borrowing into 2026-27. This reduces a significant refinancing requirement previously expected in 2027-28, improves management of refinancing and interest-rate risks, and creates a debt maturity profile that is more closely aligned with the regulatory framework. Any funds raised before they are required for capital expenditure will be invested to offset borrowing costs until needed.

Approved for circulation to the Select Committee on Estimates

Signature: Date:

By the [Commissioner for/Official……], [name of Commissioner/Official]