

A decorative graphic consisting of several overlapping, wavy lines in shades of green and blue, spanning the width of the page and positioned above the main title.

PRICING SUBMISSION TO IPART 2012

Gosford City Council's submission to IPART's *Review of prices for water sewerage and stormwater services for Gosford City Council and Wyong Shire Council*

ERRATUM

This erratum is to correct the *smoothed revenue needs* presented in Council's pricing submission to IPART.

Table 3 (page 2) and Table 29 (page 54) in the submission inadvertently present revenue needs which were smoothed using a 'Net Present Value' (NPV) approach (i.e. foregone revenue in the early years of the price period are recovered in later years). However, the proposed prices presented in the submission were based on revenue needs which were smoothed using a 'glide path' approach (i.e. revenue foregone in early years of the price period is never recovered). As such, the submission should have presented smoothed revenue needs based on a 'glide path' approach.

The smoothed revenue needs based on a 'glide path' approach and used to calculate the proposed prices in Council's submission are presented in Erratum Table 1 below, and replace the values presented in Table 3 and Table 29 of the submission.

Erratum Table 1 Smoothed revenue needs over next period (\$million, 12/13)

	2013/14	2014/15	2015/16	2016/17
Water	40.1	44.1	48.0	51.9
Sewerage	44.3	49.3	54.3	59.3
Stormwater drainage	6.8	7.9	9.0	10.1

The notation above Table 29 in the submission should be amended as follows:

~~"To transition the revenue needs through the Determination period, they have been smoothed on a Net Present Value (NPV) basis~~ *using a glide path approach.*"

The correction to smoothed revenue needs (above) affects the financial performance indicators published in the submission. As such, the values presented in Erratum Table 2 below replace the values in Table 41 (page 63) of the submission.

Erratum Table 2 Financial performance indicators (\$'000s nominal)

	2012/13	2013/14	2014/15	2015/16	2016/17
EBIT	-2,759	-1,430	10,706	17,966	29,071
Total Debt	156,081	133,142	209,241	211,600	203,447
Total Capitalisation	2,478,102	2,506,309	2,644,100	2,717,257	2,792,780
Funds from Operation	24,636	17,072	28,702	36,240	50,054
Financing Charge	9,562	13,328	17,080	16,968	16,943
Interest Income	-713	-810	-881	-958	-1,160
Net cash flow	22,478	13,472	25,002	32,436	46,143
Total Capital Expenditures	83,877	45,202	47,774	31,829	32,372
Rating	BBB	BBB	BBB	BBB	A

All proposed prices remain as published in the submission.