



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

**2015-16 FINANCIAL AND PERFORMANCE OUTCOMES
GENERAL QUESTIONNAIRE**

PORT OF MELBOURNE CORPORATION

SECTION A: Output variances and program outcomes

Question 1 (all departments) Completed initiatives from past budgets

This question does not apply to your agency.

Question 2 (departments only) Treasurer's advances and other budget supplementation

This question does not apply to your agency.

Question 3 (Department of Treasury and Finance only) Revenue certification

This question does not apply to your agency.

SECTION B: Asset investment (departments only)

Question 4 Details of actual investment and variance against budget – current projects

This question does not apply to your agency.

Question 5 Details of actual investment and variance against budget – projects completed (or expected to be completed)

This question does not apply to your agency.

Question 6 Major Projects Victoria and high-value high-risk projects

This question does not apply to your agency.

Question 7 PPP expenditure and line items

This question does not apply to your agency.

Question 8 Net cash flows from investments in financial assets for policy purposes – GGS

This question does not apply to your agency.

Question 9 Net cash flows from investments in financial assets for policy purposes – SoV

This question does not apply to your agency.

Question 10 (Department of Treasury and Finance only) Purchases of non-financial assets – government purpose classification

This question does not apply to your agency.

SECTION B: Asset investment (non-departments only)**Question 11 Details of actual investment and variance against budget for projects**

Please provide the following details for any asset investment project where actual expenditure in 2015-16 varied by \$±10 million or more from the initial budget estimate at the start of the relevant year (**not** the revised estimate).

If there were no asset investment projects for your agency where the actual expenditure varied by \$±10 million or more from the budget estimate, you do not need to answer this question. If this is the case, please indicate 'no relevant projects' in the table(s) below.

Project	Estimated expenditure in 2015-16 (2015-16 budget papers) (\$ million)	Actual expenditure in 2015-16 (\$ million)	Explanation for variance	Estimated financial completion date in 2015-16 budget papers	Estimated financial completion date in 2016-17 budget papers	Explanation for any changes to the estimated financial completion date
Port Capacity Project	217.2	176.5	The lower than budgeted expenditure was primarily due to rescheduling of construction works to future periods.	30 June 2017	30 June 2017	

Question 12 Details of actual investment and variance against budget for entities

Please detail the initial budget estimates (**not** the revised estimate) for 'purchases of non-financial assets' for 2015-16 (or equivalent line items in the cash flow statements) for your entity, the actual amounts of those line item in your annual reports and an explanation for any variances greater than ±10 per cent or \$100 million. Initial budget estimates for departments are listed in Department of Treasury and Finance, *Budget Paper No.5: 2015-16 Statement of Finances* (2015), p.40

Initial budget estimate for 2015-16 (\$ million)	Actual for 2015-16 (\$ million)	Explanation for any variance greater than ±10 per cent or \$100 million
271.5	241.0	The lower than budgeted expenditure is primarily due to rescheduling of construction works for the Port Capacity Project to future periods.

SECTION C: Revenue and appropriations

Question 13 (all departments and entities) Changes from previous year by revenue/income category

Please explain any changes greater than ± 10 per cent or \$100 million between the actual result for 2014-15 and the actual result for 2015-16 for each revenue/income category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue affected service delivery.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no revenue/income categories for your department/agency for which the 2015-16 expenditure changed from the prior year's expenditure by more than ± 10 per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

Revenue category	2014-15 actual (\$ million)	2015-16 actual (\$ million)	Explanations for changes greater than ± 10 per cent or \$100 million	How the additional revenue was used/the impact of reduced revenue
Land Tax	8.4	5.1	The decrease was primarily due to lower site values from the positive outcome of the Land Tax legal case.	Reduced land tax recovered
Other Revenue	27.3	19.7	The decrease was predominantly due to: 2014-15 included a one-off reversion of assets to PoMC at 90-98 Coode Road, West Melbourne following the end of the DP World Properties (Australia) Pty Ltd lease at the site on 31 March 2015 (\$6.9 million) 2014-15 included the recognition in 2014-15 of \$1.0 million in income relating to the Mobil capital contribution for the Gellibrand Pier Approach Deepening and Gangway Tower Modifications (total recovery over six years of \$6.2 million) offset by: 2015-16 included the recognition of assets surrendered by Murray Goulburn Co-operative Co Ltd (\$5.1 million) 2015-16 included the recognition and valuation of several historical artefacts in PoMC's fixed asset register (\$1.1 million).	Decrease other revenue

Revenue category	2014-15 actual	2015-16 actual	Explanations for changes greater than ± 10 per cent or \$100 million	How the additional revenue was used/the impact of reduced revenue
Other income	8.1	1.5	The decrease was primarily due to the reversal of prior period revaluation decrements (\$7.2 million) in 2014-15, which were recognised as other income. This was offset by higher interest income (\$0.5 million) received due to higher cash and cash equivalent balances held during 2015-16 and higher council rates and congestion levy recovery from tenants (\$0.1 million).	Reduced other income

Question 14 (all departments and entities) Variances from budget/target by revenue/income category

Please explain any variances greater than ± 10 per cent or \$100 million between the initial budget estimate (**not** the revised estimate) and the actual result for 2015-16 for each revenue/income category detailed in your operating statement. Please also identify any actions taken in response to the variations, either to mitigate or take advantage of the impact.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no revenue/income categories for your department/agency for which the 2015-16 expenditure varied from the initial budget estimate by more than ± 10 per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

Revenue category	2015-16 budget estimate (\$ million)	2015-16 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Actions taken in response
Land tax recovery	11.9	5.1	Land tax recovery lower than budget, primarily due lower site values from the positive outcome of the Land Tax legal case.	
Other revenue	12.3	19.6	Other revenue was higher than budget, primarily due to assets surrendered by Murray Goulburn due to the end of the Coode Road lease.	

Question 15 (departments only)

This question does not apply to your agency.

Question 16 Revenue from trust accounts passed to other bodies (departments only)

This question does not apply to your agency.

Question 17 (Department of Treasury and Finance only) Revenue initiatives

This question does not apply to your agency.

SECTION D: Expenses

Question 18 Expenses changed from previous year

Please explain any changes greater than ± 10 per cent or \$100 million between the prior year's actual result and the actual result for 2015-16 for each category of expenses detailed in your operating statement. Please also detail the outcomes in the community¹ achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no categories of expenses for your department/agency for which the 2014-15 expenditure differed from the prior year's expenditure by more than ± 10 per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

Expenses category	2014-15 actual (\$ million)	2015-16 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Depreciation and amortisation expenses	80.6	103.2	Depreciation increased in 2015-16 due to the 2014-15 revaluation which increased PoMC's asset base and capitalisations of \$337.0 million in 2015-16.	Increased operating expenditure
Land Tax Expense	11.0	5.6	The movement was predominantly due to lower land tax site values due to the favourable resolution of the Land Tax case and recognition of a \$1.8 million net land tax benefit to PoMC from the resolution of the Land Tax case (2013 and 2014 land tax assessments).	Decreased operating expenditure

¹ That is, the impact of service delivery on the community rather than a description of the services delivered.

Expenses category	2014-15 actual	2015-16 actual	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Other Expenses	19.6	11.4	The decrease was primarily due to a decrease in revaluation of assets (\$7.5 million) and a decrease in demolition costs associated with Port Capacity Project (PCP) in 2015-16 (\$2.3 million) Offset by compensation paid to Australian Amalgamated Terminals (AAT) for the closure of Appleton Dock Shed D (\$1.1 million) and a higher spend on software licensing fees (\$0.3 million) and advertising and promotions (\$0.2 million).	Decreased operating expenditure
Finance Costs	69.7	0.0	The decrease was a result of no debt being taken up in 2015-16 and therefore no finance costs.	Decreased operating expenditure
Income tax expense	5.4	31.6	The movement was a result of an increase in Profit before income tax and an increase in PoMC's effective tax rate from 10.5 per cent in 2014-15 to 24.8 per cent in 2015-16 (due to PoMC's Research and Development claim (related to PCP) for 2015-16).	Decreased operating profit

Question 19 Expenses varying from budget

Please explain any variances greater than ± 10 per cent or \$100 million between the initial budget estimate (**not** the revised budget) and the actual result for 2015-16 for each category of expenses detailed in your operating statement. Please also detail the outcomes in the community² achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no categories of expenses for your department/agency for which the 2015-16 expenditure varied from the initial budget estimate by more than ± 10 per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

Expenses category	2015-16 budget estimate (\$ million)	2015-16 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Labour	32.7	29.4	Labour expenditure was favourable to budget primarily as a result of vacant positions not being replaced (\$3.0 million).	
Contractors and consultant services	46.7	33.9	Contractors and consultant services were favourable to budget primarily due to unused funds allocated for the Port Capacity Project M1 entry and exit ramp contribution to VicRoads (\$15.1 million) and lower general analysis advice (\$1.1 million). This was offset by higher repairs and maintenance costs and higher Installation and construction cost (\$4.8 million).	
Land tax expense	19.1	5.6	Land tax expense was favourable to budget primarily due to lower land site values from the positive outcome of the Land Tax legal case. Budget was based on higher site vales.	
Income tax	27.5	31.6	Income tax is unfavourable against budget for the month due higher operating profit before income tax.	

² That is, the impact of service delivery on the community rather than a description of the services delivered.

Question 20 (departments only) Expenditure reduction targets

This question does not apply to your agency.

Question 21 Changes to service delivery from expenditure reduction initiatives

- (a) Please detail any changes to your department's/agency's service delivery as a result of expenditure reduction initiatives, e.g. changes to the timing and scope of specific programs or discontinued programs in 2015-16:

None to report.

- (b) As a result of the expenditure reduction initiative 'Reduce the use of labour hire firms' for 2015-16 (BP3 p.105), please detail any changes to your department's/agency's service delivery

None to report.

Question 22 (departments only) Achievement of reprioritisation of existing resources

This question does not apply to your agency.

Question 23 (Department of Treasury and Finance only) Expenses by government purpose classifications

This question does not apply to your agency.

Question 24 (PNFC and PFC entities only) Dividends paid to the general government sector

Please detail the value of dividends paid by your agency to the general government sector over the last three years, explaining the reasons for any significant changes over that period and the impact of any changes on the agency.

Total dividends paid in 2013-14 (\$ million)	Total dividends paid in 2014-15 (\$ million)	Total dividends paid in 2015-16 (\$ million)	Explanation for any variance greater than ± 10 per cent or \$100 million	Impact of changes to dividends on the agency
43.7	33.0	29.9	PoMC paid the following dividends in the relevant financial years. FY 2013-14: a) 2012-13 final dividend of \$24.4 million on 31 October 2013 b) 2013-14 interim dividend of \$19.3 million on 18 June 2014. FY 2014-15: a) 2013-14 final dividend of \$17.0 million on 31 October 2014 b) 2014-15 interim dividend of \$16.0 million on 18 June 2015. FY 2015-16,,: a) 2014-15 final dividend of \$7.0 million on 18 December 2015 b) 2015-16 interim dividend of \$22.9 million on 30 June 2016.	None.

SECTION E: Public sector workforce

Question 25 Full-time equivalent staff by level

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2014, at 30 June 2015 and 30 June 2016 (broken down by the categories listed below) for the Department. Please provide figures consolidated on the same basis as the expenditure for the Department in the budget papers.

Grade	30 June 2014 (Actual FTE number)	30 June 2015 (Actual FTE number)	30 June 2016 (Actual FTE number)
EO	55.0	52.2	48.0
Other	169.9	166.1	152.2
Total	224.9	218.3	200.2

Question 26 FTE staff numbers by employment type

In the table below, please detail the salary costs for 2012-13, 2013-14 and 2014-15, broken down by ongoing, fixed-term and casual, and explain any variances greater than ± 10 per cent or \$100 million between the years for each category.

Employment category	Gross salary 2013-14 (\$ million)	Gross salary 2014-15 (\$ million)	Gross salary 2015-16 (\$ million)	Explanation for any year-on-year variances greater than ± 10 per cent or \$100 million
Ongoing	23.6	23.2	21.9	
Fixed-term	7.8	7.2	6.8	
Casual	1.0	0.8	0.7	
Total	32.4	31.2	29.4	

Question 27 Executive salary increases

Please detail the number of executives who received increases in their base remuneration in 2015-16, breaking that information down according to what proportion of their salary the increase was, and explaining the reasons for executives' salaries increasing in each bracket.

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount in 2015-16	Reasons for these increases
0-3 per cent	54	52 Government Sector Executive Remuneration Panel (GSERP) increases and two market review increases.
3-5 per cent		
5-10 per cent		
10-15 per cent		
greater than 15 per cent		

Question 28 Enterprise bargain agreements (EBA)(Department of Treasury and Finance only)

This question does not apply to your agency.

SECTION F: Inter-sector flows**Question 29 (Department of Treasury and Finance only) Inter-sector flows**

This question does not apply to your agency.

SECTION G: Government decisions impacting on the finances**Question 30 Machinery-of-government changes**

- (a) Please detail the final costs incurred in the following categories as a result of machinery-of-government changes. Also provide a description of any relevant machinery-of-government changes during 2015-16.

PoMC did not incur any costs as a direct result of machinery-of-government related changes in 2015-16.

	Final costs as a result of machinery-of-government-changes (\$ million)
Consultants and contractors (including legal advice)	
Relocation	
Telephony	
IT and records management	
Rebranding	
Furniture and fit-out	
Other	

(b) If these costs were met out of existing budgets, please indicate what projects, programs or areas the money was originally budgeted for.

Not applicable

(c) Please identify any benefits achieved during 2015-16 as a result of machinery-of-government changes, quantifying the benefits where possible.

Not applicable

(d) Please provide a description of any relevant machinery-of-government changes during 2015-16

Not applicable

Question 31 Commonwealth Government decisions

Please identify any Commonwealth Government decisions during 2015-16 which had not been anticipated in the State budget but which impacted on your entity's finances or activities during those years (including new funding agreements, discontinued agreements and changes to funding levels). Please quantify the impact on income and expenses where possible.

Commonwealth Government decision	Impact in 2015-16	
	on income (\$ million)	on expenses (\$ million)
Port Lease Transaction as per Ministerial Direction		Operational expenditure incurred (\$7.2 million)

Question 32 COAG decisions

Please identify any COAG decisions during 2015-16 which had not been anticipated in the State budget but which impacted on your entity's finances or activities during those years (including new funding agreements, discontinued agreements and changes to agreements). Please quantify the impact on income and expenses where possible.

COAG decision	Impact in 2015-16	
	on income (\$ million)	on expenses (\$ million)
PoMC was not impacted by any COAG decisions during 2015-16.		

SECTION H: Fiscal and financial management strategies (Department of Treasury and Finance only)**Question 33 Financial measures**

This question does not apply to your agency.

Question 34 Long-term financial management objectives

This question does not apply to your agency.

SECTION I: Economic environment**Question 35 (Department of Treasury and Finance only) Economic variables**

This question does not apply to your agency.

Question 36 (Department of Treasury and Finance only) Actual impact on GGS of variances in economic variables

This question does not apply to your agency.

Question 37 (Department of Treasury and Finance only) Impact on PFC net result of variances in economic variables

This question does not apply to your agency.

Question 38 (Department of Treasury and Finance only) Impact on PNFC net result of variances in economic variables

This question does not apply to your agency.

Question 39 (all entities) Effects of variances in economic variables

Please identify any key economic variables for which there were variances in 2015-16 between what was estimated in the initial budget for each year (**not** the revised estimate) and what actually occurred which had a significant impact on your department's/agency's finances, service delivery or asset investment. For each variance, please indicate:

- (a) what had been expected at budget time
- (b) what actually occurred
- (c) how the variance impacted on the budget outcomes (quantifying the impact where possible)
- (d) what decisions were made in response (including changes to service delivery, asset investment, borrowings etc.).

Expected economic result in 2015-16	Actual result in 2015-16	Impact of the variance on budget outcomes	Impact of the variance on service delivery
Inflation : 2.5%	2.0%	Not material	-
Interest on Deposits : 3.0%	1.3%	Not material	-
Interest on Borrowings : 5.7%	PoMC had \$0 borrowings	Not material	-