# PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

# 2013-14 AND 2014-15 FINANCIAL AND PERFORMANCE OUTCOMES
# GENERAL QUESTIONNAIRE

# PORT OF MELBOURNE CORPORATION

# SECTION A: Output variances and program outcomes

### *Question 1 (departments only)*

This question does not apply to your agency.

### *Question 2 (departments only)*

This question does not apply to your agency.

### *Question 3 (Department of Treasury and Finance only)*

This question does not apply to your agency.

# SECTION B: Asset investment (departments only)

### *Question 4*

This question does not apply to your agency.

### *Question 5*

This question does not apply to your agency.

### *Question 6*

This question does not apply to your agency.

## *Question 7*

This question does not apply to your agency.

## *Question 8*

This question does not apply to your agency.

## *Question 9 (Department of Treasury and Finance only)*

This question does not apply to your agency.

# SECTION B: Asset investment (non-departments only)

## *Question 10*

Please provide the following details for any asset investment project where actual expenditure in 2013-14 or 2014-15 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.

(a) in 2013-14

| Project | Estimated expenditure in 2013-14 (2013-14 budget papers) ($ million) | Actual expenditure in 2013-14 ($ million) | Explanation for variance | Estimated financial completion date in 2013-14 budget papers | Estimated financial completion date in 2014-15 budget papers | Explanation for any changes to the estimated financial completion date |
|---|---|---|---|---|---|---|
| Port Capacity Project | 106.5 | 86.8 | The lower than budgeted expenditure was primarily due to rescheduling of construction works to future periods. | 30/6/2017 | 30/6/2017 | - |

(b) in 2014-15

| Project | Estimated expenditure in 2014-15 (2014-15 budget papers) ($ million) | Actual expenditure in 2014-15 ($ million) | Explanation for variance | Estimated financial completion date in 2014-15 budget papers | Estimated financial completion date in 2015-16 budget papers | Explanation for any changes to the estimated financial completion date |
|---|---|---|---|---|---|---|
| Port Capacity Project | 326.9 | 263.1 | The lower than budgeted expenditure was primarily due to the re-allocation of risk allowance and rescheduling of construction works `to future periods. | 30/6/2017 | 30/6/2017 | - |

## *Question 11*

Please detail the initial budget estimates (**not** the revised estimate) for 'purchases of non-financial assets' for 2013-14 and 2014-15 (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 estimate for 2013-14<br><br>($ million) | Actual for 2013-14<br><br>($ million) | Explanation for any variance greater than ±10 per cent or $100 million |
|---|---|---|
| 176.8 | 131.3 | The lower than budgeted expenditure was primarily due to rescheduling of construction works for the Port Capacity Project to future periods. |

| Initial budget estimate for 2014-15<br><br>($ million) | Actual for 2014-15<br><br>($ million) | Explanation for any variance greater than ±10 per cent or $100 million |
|---|---|---|
| 471.2 | 308.1 | The lower than budgeted expenditure was primarily due to the re-allocation of risk allowance and rescheduling of construction works for the Port Capacity Project to future periods. |

# SECTION C: Revenue and appropriations

## *Question 12*

Please explain any variances greater than ±10 per cent or $100 million between the prior year's actual result and the actual result for 2013-14 and 2014-15 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 impacted on 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 2013-14 and 2014-15 expenditure varied 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** | **2012-13 actual**<br><br>**($ million)** | **2013-14 actual**<br><br>**($ million)** | **Explanations for variances greater than ±10 per cent or $100 million** | **How the additional revenue was used/the impact of reduced revenue** |
|---|---|---|---|---|
| Land tax recovered from tenants | 7.0 | 9.4 | The increase was due to the full year impact of increases in the State Revenue Office land tax assessment for the 2013 calendar year primarily associated with increased site valuations by the City of Melbourne council recovered from port tenants. | Increased recovery |
| Other Revenue | 13.1 | 15.8 | The increase was predominantly due to the recognition of $3.9m as income for assets that were surrendered to PoMC (for nil consideration) upon reversion of a lease. | Increased other revenue |
| Interest Revenue | 1.8 | 1.3 | The decrease was primarily due to lower cash and cash equivalent balances held during 2013-14 and lower interest rates applicable. | Reduced interest revenue |

| **Revenue category** | **2013-14 actual**<br><br>**($ million)** | **2014-15 actual**<br><br>**($ million)** | **Explanations for variances greater than ±10 per cent or $100 million** | **How the additional revenue was used/the impact of reduced revenue** |
|---|---|---|---|---|
| Land tax recovered | 9.4 | 8.4 | The decrease was primarily due to lower land tax recovered from tenants due to lease terminations and reversions. In addition, one particular site's assessable value experienced a reduction rendering land tax not applicable hence nil recovery. | Reduced land tax recovered |
| Other Revenue | 15.8 | 27.3 | The increase was due to the reversal of prior period asset revaluation decrements of $7.2m and the recognition of $6.9m as income for assets that were surrendered to PoMC (for nil consideration) upon termination of a lease. | Increase other revenue |
| Interest Revenue | 1.3 | 0.6 | The decrease was primarily due to lower cash and cash equivalent balances held during 2014-15 and reduced deposit interest rates applicable. | Reduced interest revenue |

## *Question 13*

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 2013-14 and 2014-15 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 2013-14 and 2014-15 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** | **2013-14 budget estimate**<br><br>**($ million)** | **2013-14 actual**<br><br>**($ million)** | **Explanations for variances greater than ±10 per cent or $100 million** | **Actions taken in response** |
|---|---|---|---|---|
| Other revenue | 12.1 | 15.8 | The increase was predominantly due to the recognition of $3.9m as income for assets that were surrendered to PoMC (for nil consideration) upon reversion of a lease. | Increased other revenue |
| Interest Revenue | 0.9 | 1.3 | The increase was primarily due to higher than budgeted cash and cash equivalent balances held during 2013-14. | Increased interest revenue |

| **Revenue category** | **2014-15 budget estimate**<br><br>**($ million)** | **2014-15 actual**<br><br>**($ million)** | **Explanations for variances greater than ±10 per cent or $100 million** | **Actions taken in response** |
|---|---|---|---|---|
| Land tax recovery | 12.0 | 8.4 | The decrease compared to budget was primarily due to under recovery of 'special' land tax for certain sites which experienced delays in special land tax assessments undertaken by the State Revenue Office. | Reduced recovery |
| Other revenue | 12.1 | 27.3 | The increase was due to the reversal of prior period asset revaluation decrements of $7.2m and the recognition of $6.9m as income for assets that were surrendered to PoMC (for nil consideration) upon termination of a lease. | Increased other revenue |

| Revenue category | 2014-15 budget estimate<br><br>($ million) | 2014-15 actual<br><br>($ million) | Explanations for variances greater than ±10 per cent or $100 million | Actions taken in response |
|---|---|---|---|---|
| Interest Revenue | 0.4 | 0.6 | The increase was primarily due to a higher level of cash held throughout the year in comparison to the budget. | Increased interest revenue |

## *Question 14 (departments only)*

This question does not apply to your agency.

## *Question 15 (departments only)*

This question does not apply to your agency.

## *Question 16*

Regarding the trust accounts listed in the 'trust account balances' note to the financial statements in your entity's annual report, please identify any accounts from which payments were passed directly to other bodies without being counted in your entity's comprehensive operating statement. For each relevant account, please identify:

(a) the value of payments;

(b) the recipients of the payments; and

(c) the purpose of the payments.

| Trust account | Total payments from the account to bodies other than the Department, 2013-14<br><br>($ million) | Recipient of the payment | Purpose of the payment |
|---|---|---|---|
| Not applicable. | | | |

| Trust account | Total payments from the account to bodies other than the Department, 2014-15<br><br>($ million) | Recipient of the payment | Purpose of the payment |
|---|---|---|---|
| Not applicable. | | | |

# SECTION D: Expenses

## *Question 17*

Please explain any variances greater than ±10 per cent or $100 million between the prior year's actual result and the actual result for 2013-14 and 2014-15 for each category of expenses detailed in your operating statement. Please also detail the outcomes in the community[1] 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 2013-14 and 2014-15 expenditure varied 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 | 2012-13 actual<br><br>($ million) | 2013-14 actual<br><br>($ million) | Explanations for variances greater than ±10 per cent or $100 million | Outcomes achieved by additional expenses/impact of reduced expenses |
|---|---|---|---|---|
| Labour | 22.0 | 32.4 | Total labour costs for 2012-13 of $22m included a $9.8m credit representing the movement in the PoMC Defined Benefit Superannuation Fund (DBF) recognised in the profit and loss. From 2013-14 onwards, in accordance with the revised Australian Accounting Standards Board 119 *Employee Benefits* all DBF liability movements were to be taken through the equity section of the Balance Sheet.<br><br>Excluding the impact of the $9.8m credit for the DBF, the labour cost for 2012-13 was $31.8m. This increased in 2013-14 to $32.4m was due to wage and performance based increases in line with the Enterprise Agreement. | Increased operating expenditure |
| Contractors and consultant expenses | 27.0 | 30.2 | The increase was primarily as a result of operating (non-capital) expenditure incurred as part of the Port Capacity Project and demolition costs for a PoMC warehouse. | Increased operating expenditure |

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

| Expenses category | 2012-13 actual ($ million) | 2013-14 actual ($ million) | Explanations for variances greater than ±10 per cent or $100 million | Outcomes achieved by additional expenses/impact of reduced expenses |
|---|---|---|---|---|
| Land tax expenses | 9.5 | 11.7 | The increase was due to the full year impact of increases in the State Revenue Office land tax assessment for the 2013 calendar year primarily associated with increased site valuations by the City of Melbourne council. | Increased operating expenditure |
| Other expenses | 10.3 | 12.7 | The increase was primarily due to the budgeted write-off of assets that were demolished as part of the Port Capacity Project construction works and higher council rates. | Increased operating expenditure |

| Expenses category | 2013-14 actual ($ million) | 2014-15 actual ($ million) | Explanations for variances greater than ±10 per cent or $100 million | Outcomes achieved by additional expenses/impact of reduced expenses |
|---|---|---|---|---|
| Contractors and consultant expenses | 30.2 | 37.0 | The increase was primarily as a result of operating (non-capital) expenditure incurred as part of the Port Capacity Project and operational expenditure incurred on the Port of Melbourne Lease Transaction. | Increased operating expenditure |
| Other expenses | 12.7 | 22.5 | The increase was due to asset revaluation decrements of $7.7m and asset demolition costs associated with the Port Capacity Project. | Increased operating expenditure |
| Depreciation and amortisation expenses | 73.6 | 80.6 | The increase was primarily as a result of the full year impact of depreciation relating to the 2013-14 Maintenance Dredging Program and a generally higher level of capitalised assets in 2014-15. | Increased operating expenditure |
| Finance Costs | 29.1 | 69.7 | The increase was primarily as a result of break costs of $40.6m associated with early repayment of all PoMC outstanding debt on 25 June 2015 (in accordance with a Ministerial Direction) and an increase in interest bearing liabilities throughout 2014-15, primarily to fund the Port Capacity Project. | Reduced operating profit |

| Expenses category | 2013-14 actual | 2014-15 actual | Explanations for variances greater than ±10 per cent or $100 million | Outcomes achieved by additional expenses/impact of reduced expenses |
|---|---|---|---|---|
| Income tax expense | 29.5 | 5.4 | The reduction was as a result of a decrease in Profit before Income Tax (due primarily to the break costs associated with the early repayment of all PoMC outstanding debt) and a decrease in PoMC's effective tax rate from 28.9% in 2013-14 to 10.5% in 2014-15 due to PoMC's Research and Development Tax Incentive claim related to the Port Capacity Project. | Increased operating profit after tax |

## *Question 18*

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 2013-14 and 2014-15 for each category of expenses detailed in your operating statement. Please also detail the outcomes in the community[2] 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 2013-14 and 2014-15 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 | 2013-14 budget estimate<br><br>($ million) | 2013-14 actual<br><br>($ million) | Explanations for variances greater than ±10 per cent or $100 million | Outcomes achieved by additional expenses/impact of reduced expenses |
|---|---|---|---|---|
| Contractors/consultant services | 36.0 | 30.2 | Favourable to budget as a result of cost savings implemented throughout the year. | Reduced operating expenditure |

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

| **Expenses category** | **2013-14 budget estimate** | **2013-14 actual** | **Explanations for variances greater than ±10 per cent or $100 million** | **Outcomes achieved by additional expenses/impact of reduced expenses** |
|---|---|---|---|---|
| Land tax | 13.2 | 11.7 | Favourable to budget due to the occupation of a Port Capacity Project related site being deferred and another site remaining vacant throughout the year. | Reduced operating expenditure |
| Other Expenditure | 20.1 | 12.7 | Favourable to budget primarily due to reduced operating expenditure in areas such as insurance, conference and seminars, travelling, advertising and promotions throughout the year. | Reduced operating expenditure |
| Income Tax | 22.5 | 29.5 | Higher Income tax was primarily due to higher operating profit before income tax. | Reduced operating profit after tax |

| **Expenses category** | **2014-15 budget estimate<br><br>($ million)** | **2014-15 actual<br><br>($ million)** | **Explanations for variances greater than ±10 per cent or $100 million** | **Outcomes achieved by additional expenses/impact of reduced expenses** |
|---|---|---|---|---|
| Contractors and consultant services | 41.0 | 37.0 | Favourable to budget mainly due to a shift in timing of expenditure for Port Capacity Project (relating to civil works on third party assets) and cost savings in Information Technology Services and Asset Management. | Reduced operating expenditure |
| Land tax | 20.4 | 11.0 | Favourable to budget mainly due to a delay in the issuing of a ‘special’ land tax assessment by the State Revenue Office which resulted in a reduced land tax expense for the financial year. | Reduced operating expenditure |
| Other expenditure | 14.0 | 22.5 | Unfavourable to budget primarily due to asset revaluation decrements of $7.7m and asset demolition costs associated with the Port Capacity Project. | Increased operating expenditure |

| Expenses category | 2014-15 budget estimate<br><br>($ million) | 2014-15 actual<br><br>($ million) | Explanations for variances greater than ±10 per cent or $100 million | Outcomes achieved by additional expenses/impact of reduced expenses |
|---|---|---|---|---|
| Finance charges | 47.5 | 69.7 | Unfavourable to budget primarily as a result of break costs of $40.6m associated with early repayment of all PoMC outstanding debt on 25 June 2015 (in accordance with a Ministerial Direction) and an increase in interest bearing liabilities throughout 2014-15, primarily to fund the Port Capacity Project. | Reduced operating profit |
| Income tax | 17.7 | 5.4 | Favourable to budget as a result of a decrease in Profit before Income Tax (due primarily to the break costs associated with the early repayment of all PoMC outstanding debt) and a decrease in PoMC's effective tax rate from 28.9% in 2013-14 to 10.5% in 2014-15 due to PoMC's Research and Development Tax Incentive claim related to the Port Capacity Project. | Reduced operating profit |

## *Question 19 (departments only)*

This question does not apply to your agency.

## *Question 20*

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:

(a) in 2013-14

| |
|---|
| None to report. |

(b) in 2014-15

| |
|---|
| None to report. |

## *Question 21 (departments only)*

This question does not apply to your agency.

## *Question 22 (Department of Treasury and Finance only)*

This question does not apply to your agency.

## *Question 23 (PNFC and PFC entities only)*

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 2012-13**<br><br>**($ million)** | **Total dividends paid in 2013-14**<br><br>**($ million)** | **Total dividends paid in 2014-15**<br><br>**($ million)** | **Explanation for any variance greater than ±10 per cent or $100 million** | **Impact of changes to dividends on the agency** |
|---|---|---|---|---|
| 29.7 | 43.7 | 33.0 | PoMC paid the following dividends in the relevant financial years:<br><br>FY 2012-13:<br>a) 2011-12 interim dividend of $8.5m on 31 July 2012;<br>b) 2011-12 final dividend of $12.7m on 30 November 2012; and<br>c) 2012-13 interim dividend of $8.5m on 28 June 2013<br><br>FY 2013-14:<br>a) 2012-13 final dividend of $24.4m on 31 October 2013<br>b) 2013-14 interim dividend of $19.3m on 18 June 2014.<br>FY 2014-15:<br>a) 2013-14 final dividend of $17.0m on 31 October 2014<br>b) 2014-15 interim dividend of $16.0m on 18 June 2015. | None. |

# SECTION E: Public sector workforce

## *Question 24*

Please detail the total full-time equivalent number of staff in your department/agency as at 30 June 2013, 30 June 2014 and 30 June 2015 in each of the following bands of levels, and explain the changes:

| **Level** | **Total FTE (30 June 2013)** | **Total FTE (30 June 2014)** | **Total FTE (30 June 2015)** | **Explanation for changes** |
|---|---|---|---|---|
| VPS Grades 1-3 | - | - | - | |
| VPS Grade 4 | - | - | - | |
| VPS Grades 5-6 and STS | - | - | - | |
| EO | 53.2 | 55.0 | 52.2 | |
| Other | 181.3 | 169.9 | 166.1 | |
| Total of all staff (including non-VPS grades) | 234.5 | 224.9 | 218.3 | Reduced number of staff through operational efficiencies. |

## Question 25

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 2012-13<br><br>($ million) | Gross salary 2013-14<br><br>($ million) | Gross salary 2014-15<br><br>($ million) | Explanation for any year-on-year variances greater than ±10 per cent or $100 million |
|---|---|---|---|---|
| Ongoing | 23.4 | 23.6 | 23.2 | |
| Fixed-term | 7.6 | 7.8 | 7.2 | |
| Casual | 0.8 | 1.0 | 0.8 | |
| **Total** | **31.8** | **32.4** | **31.2** | |

## Question 26

Please detail the number of executives who received increases in their base remuneration in 2013-14 and 2014-15, 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 2013-14 | Reasons for these increases |
|---|---|---|
| 0-3 per cent | 46 | GSERP increase |
| 3-5 per cent | 1 | GSERP increase and market review |
| 5-10 per cent | 1 | GSERP increase and market review |
| 10-15 per cent | 2 | GSERP increase and market review |
| greater than 15 per cent | 4 | GSERP increase and market review |

| **Increase in base remuneration** | **Number of executives receiving increases in their base rate of remuneration of this amount in 2014-15** | **Reasons for these increases** |
|---|---|---|
| 0-3 per cent | 53 | GSERP increase |
| 3-5 per cent | 0 | - |
| 5-10 per cent | 1 | GSERP increase and market review |
| 10-15 per cent | 0 | - |
| greater than 15 per cent | 1 | GSERP increase and market review |

## SECTION F: Inter-sector flows

### *Question 27 (Department of Treasury and Finance only)*

This question does not apply to your agency.

# SECTION G: Government decisions impacting on the finances

## *Question 28*

(a) Please detail any costs incurred during 2014-15 in the following categories as a result of machinery-of-government changes:

PoMC did not incur any costs as a direct result of machinery-of-government related changes in FY 2014-15.

| | **($ 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 2014-15 as a result of machinery-of-government changes, quantifying the benefits where possible.

| |
|---|
| Not applicable |

### *Question 29*

Please identify any Commonwealth Government decisions during 2013-14 or 2014-15 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.

Nil response

### *Question 30*

Please identify any COAG decisions during 2013-14 or 2014-15 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 2013-14 | | Impact in 2014-15 | |
|---|---|---|---|---|
| | on income ($ million) | on expenses ($ million) | on income ($ million) | on expenses ($ million) |
| PoMC was not impacted by any COAG decisions during FY 2013-14 and FY 2014-15. | - | - | - | - |

## SECTION H: Fiscal and financial management strategies (Department of Treasury and Finance only)

### *Question 31*

This question does not apply to your agency.

### *Question 32*

This question does not apply to your agency.

## SECTION I: Economic environment

### *Question 33 (Department of Treasury and Finance only)*

This question does not apply to your agency.

## *Question 34 (Department of Treasury and Finance only)*

This question does not apply to your agency.

## *Question 35 (Department of Treasury and Finance only)*

This question does not apply to your agency.

## *Question 36 (Department of Treasury and Finance only)*

This question does not apply to your agency.

## *Question 37*

Please identify any key economic variables for which there were variances in 2013-14 and 2014-15 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 2013-14 (Budget) | Actual result in 2013-14 | Impact of the variance on budget outcomes | Decisions made in response |
|---|---|---|---|
| Inflation : 2.5% | 2.8% | Not material | - |
| Interest on Deposits : 3.0% | 2.45% | Not material | - |
| Interest on Borrowings : 5.7% | 6.28% | Not material | - |

| **Expected economic result in 2014-15 (Budget)** | **Actual result in 2014-15** | **Impact of the variance on budget outcomes** | **Impact of the variance on service delivery** |
|---|---|---|---|
| Inflation : 2.5% | 1.5% | Not material | - |
| Interest on Deposits : 3.0% | 1.95% | Not material | - |
| Interest on Borrowings : 5.7% | 4.86% | Not material | - |

## SECTION J: Previous recommendations

### *Question 38 (departments only)*

This question does not apply to your agency.