

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Friday, 7 November 2014

Port Hedland Port Authority

Question D1. Hon Ken Travers asked how much of that \$74m would be corporate overheads?

Answer:

Corporate overheads account for \$15.1m of the \$74m costs.

A handwritten signature in black ink, consisting of a stylized capital 'A' followed by a horizontal line.

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Question D2. Hon Ken Travers asked how that 4 2 and again a similar breakup of how much of that 44 was for depreciation and corporate overheads Maybe on increase in maintenance costs, if you could give a breakdown of how much is maintenance and replacement of parts in both of those figures

Answer:

FY 13/14

Revenue for Utah was \$140.9m (including Port Improvement Rate (PIR) of \$1.9m)
Annual expenditure for Utah was \$74.2m
Operating Margin \$66.7m (including PIR)

Comprising:

- Maintenance \$20.0m (Inclusive replacement of parts (Repairs and maintenance))
- Depreciation \$16.4m
- Corporate overheads \$15.1m
 - All support functions (Executive, Port Development, HSE, Finance, HR etc)
 - Overhead based on apportionment of revenue
- Interest \$8m (paid to WATC)
- Utilities \$6.3m
- Other \$8.2m

FY 12/13

Revenue for Utah was \$90.0m
Annual expenditure for Utah was \$71.1m
Operating Margin \$18.9m

Comprising:

- Maintenance \$14.1m (Inclusive replacement of parts (R&M))
- Depreciation \$14.8m
- Corporate overheads \$15.9m
 - All support functions (Executive, Port Development, HSE, Finance, HR etc)
 - Overhead based on apportionment of revenue
- Interest \$12.1m paid to WATC
- Utilities \$5.6m
- Other \$8.6m

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Question D3. Hon Ken Travers asked – if you can provide it based on what was in your 2014-15 statement of corporate intent. If you have updated figures that would be great, but even if we get them from what was in your 2014-15 that was completed in the 2013-14 financial year – a breakdown, because that is what the current budget is based upon as well.

This will be purely in terms of the Port Hedland Port Authority – a breakdown of how much of it comes from each of the business units effectively.

Answer:

See table on following page.

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Schedule providing dividend payments for current FY and beyond

Note : 1. Figures provided in table below are based off 2014 Strategic Development Plan with dividends being 65% of prior year Net Profit After Tax (NPAT).
2. Dividends derived from PIR revenue will be returned to the PPA by way of equity injection.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Port Hedland						
Utah Related Div (exc PIR)	13,875,562	12,615,193	22,533,844	26,644,537	28,446,289	32,087,924
Port Hedland Port	15,900,322	14,456,036	25,822,044	30,532,582	32,597,250	36,770,281
PIR	-	12,758,200	17,241,770	19,988,605	23,179,520	25,360,790
	29,775,885	39,829,429	65,597,658	77,165,724	84,223,059	94,218,995
Dampier	12,742,000	34,201,700	9,832,550	11,548,550	10,834,850	10,226,450
PPA Total	42,517,885	74,031,129	75,430,208	88,714,274	95,057,909	104,445,445

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*Question D4 Hon Alanna Clohesy asked – Is it possible to get a copy of that?
(Workforce Planning Document)*

Answer:



2015-16 Workforce
Plan - Board Approve

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Question D5· Hon Alanna Clohesy asked – Do you could check it? Maybe also as part of that whether there have been any restrictions to right of access to either ports since the amalgamation and why that has occurred

Answer:

PPA manages Union Rights of Entry in a consistent manner at all sites, this involves the requirement to provide prescribed notice and an escort regime.

PPA facilitates Union delegate access in line with port access procedures and has never withheld access under a Right of Entry provision.

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Question D6 Hon Ken Travers asked – Can you explain why what you pay to the government in income tax expenses would be continuing to climb but the dividend is not? Is there a logical explanation for the disconnect between the two?

Answer:

The dividend for FY 14/15 is inflated as a result in the change in dividend methodology.

The new methodology requires the additional payment of 75% of the expected dividend to be paid in the current year, with dividends continuing to be based on 65% of expected NPAT.

This change in policy means that there is effectively last FY (13/14) and this FY (14/15) being paid in FY 14/15.

The change in policy means that the correlation in dividend payments to Income Tax Expense will not hold for FY 14/15, but should be restored for future years.

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Question D7 Hon Ken Travers asked – for the agreement as supplementary information, and obviously at that point you would return it and indicate that you had asked that it be private, but if you can also give us your interpretation of what your legal obligations are, or if you believe that you are not able to provide it to us, then just advise us to that affect

Answer:

PPA would be in breach of its contractual obligations if it were to provide a copy of the requested Agreement to the Committee pursuant to an informal request that is not a summons or order issued under the *Parliamentary Privileges Act 1891* (WA).

Disclosure exceptions apply where, relevantly, the disclosure is made to the extent reasonably needed to comply with any applicable law or statutory obligation. However, compliance with a request would be a breach of contract.