Port of Melbourne
Corporation

Port Licence Fee
Information Paper – August 2013

Introduction

The purpose of this Information Paper is to apprise industry of the actual amount of the Port Licence Fee (PLF) recovered by Port of Melbourne Corporation (PoMC) in 2012-13, and to indicate the estimated amount to be recovered in 2013-14.

Industry is aware that the *Port Management Amendment (Port of Melbourne Corporation Licence Fee) Act 2012* (Vic) provided for the introduction of a PLF on PoMC at a starting rate of $75 million in 2012-13. The legislation requires PoMC to remit the PLF to the Victorian Government in four equal quarterly installments, and PoMC has made four payments, each of $18.75 million, to Government for the 2012-13 financial year. The Act also specifies that the PLF would be escalated each year in accordance with a CPI based adjustment factor detailed in the Act.

PoMC's PLF recovery process

PoMC's recovery of the PLF has been based on the principles of equity and fairness, together with a desire to ensure the recovery was administratively simple and as cost effective as possible. To achieve these aims, and after a period of consultation with industry, PoMC decided to recover the PLF through an increase in the general fees and charges included in PoMC's Reference Tariff Schedule (RTS). This meant that recovery would be spread across all of the port's trade sectors and that no one sector would be unfairly affected by the increase in charges associated with the recovery of the PLF.

PoMC has also informed industry that it was committed to transparency with respect to the recovery of the PLF and that it would inform stakeholders, on a periodic basis, regarding the status of the PLF recovery during the year. PoMC also committed to reporting, in its Annual Report, both the amount of PLF recovered for a year and the amount paid to Government.

PLF recovered for 2012-13

Further to the advice provided to industry in April regarding the amount of PLF recovered for the first three quarters of 2012-13, and PoMC's forecast of a year-end under-recovery of approximately $3 million, PoMC is pleased to advise that the final quantum of the under-recovery for the 2012-13 financial year was $2.3 million.

This is an improvement on the April year–end forecast and well within PoMC's original estimate (noted in its early PLF Industry Information Papers) that the quantum of PLF recovered in 2012-13 would be between $70 million and $80 million. The total amount of PLF recovered for the 2012-13 was $72.7 million.

PoMC has always maintained that estimating the actual quantum of PLF recovered for any given year would be extremely difficult (due to inherent trade fluctuations) and that adjustments to PoMC's charges would be made in each succeeding year to account for any over or under-recovery. While PoMC endeavours to keep these adjustments to a minimum, it is expected that in the medium to long-term the amount of PLF paid to Government and that recovered by PoMC will equate.

PLF recovery estimates for 2013-14

PoMC wishes to advise industry that it has recently received notification from the Department of Transport, Planning and Local Infrastructure that the quantum of PLF required to be paid to Government by PoMC for 2013-14 is $76.429 million.

This is a smaller increase than forecast by PoMC earlier in the year and thus is a pleasing outcome for industry. Together with the lower than expected level of under-recovery for 2012-13, it means that the starting basis for recovery of the PLF for 2014-15 is stronger than forecast. This position reduces the trade risk associated with under-recovery and should assist in a movement toward equating, over time, the cumulative amount of PLF recovered by PoMC and that paid to Government.

Contact us

As always, PoMC welcomes industry comment on this or other matters related to the recovery of the PLF and consistent with PoMC's approach last year, PoMC will provide industry with updates on the recovery of the PLF in 2013-14.

For further information please contact PoMC at:
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