



**ACT**  
Government

AUSTRALIAN CAPITAL TERRITORY

**STANDARD COSTING  
PARAMETERS  
2012**

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## 1.0 Standard Costing Arrangements

### 1.1 Benchmark Costing

Under the *Election Commitments Costing Act 2012* (the Act), the Director-General of the Treasury Directorate may be requested to cost election commitments during ACT Legislative Assembly election processes. Consistent with Section 7 of the Act, this document, in conjunction with the *Guidelines for Costing Election Commitments 2012* (the Guidelines), sets out “benchmark” standard costs to assist in costing election commitments.

It is acknowledged that a benchmark cost may not be suitable in all circumstances. It is important to consider the context and scale of activities to be costed. In particular, whether the commitment represents a marginal increase in service levels or activity versus more significant incremental increases. Similarly, the scale of the increase vis-a-vis the underlying size and functions of the Directorate or agency is an important element in assessing the cost of a commitment.

Further issues to be considered include:

- Costings should be provided on an annual basis for the budget year (2012-13) and the following three financial years. Inclusion of costs for the 2016-17 year is also acceptable.
- Revenue, expense and capital components should be identified separately.
- Where expense or revenue levels are not expected to reach peak levels until after the end of the forward estimates period, ie 2015-16, these details should be noted in the *Other Information* section of the completed costing template.
- Costing of Directorate/agency expenses associated with implementation of a proposal should specify whether these expenses are to be absorbed or Budget supplemented.
- Full-year, part-year and one-off effects should be identified.
- Costings are generally to be best point estimates, however, costing ranges can be provided if they are considered appropriate.

The Director-General of Treasury reserves the right to amend or update this document to reflect material changes that may occur following its public release.

### 1.2 Cost Elements

Standard or benchmark costs are as follows.

#### 1.2.1 Employment of Frontline Staff (Average Total Cost)

\$91,000	per Bus Driver <sup>(a)</sup>
\$95,000	per Classroom Teacher <sup>(a)</sup>
\$132,000	per Fire Fighter <sup>(a)(b)</sup>
\$147,000	per Fire Station Manager <sup>(a)(b)</sup>
\$107,000	per Nurse <sup>(a)</sup>
\$130,000	per Police Officer (Constable rank) <sup>(a)</sup>
\$172,000	per Police Officer (Sergeant rank) <sup>(a)</sup>

**Notes:**

(a) Includes on-costs (workers compensation, superannuation, leave etc)

(b) Includes overtime provision

### 1.2.2 Employment of Frontline Staff – Indicative Crew Costs

\$580,000	per 16 Fire Fighter college recruits (includes uniform costs, overtime and all other training related expenses).
\$2,461,000	per Ambulance Crew, based on 15 paramedics, 2 rostered crew shifts per day. (Cost assumes \$2,112,000 for employee costs, \$269,000 for administrative on-costs, \$50,000 for training related costs and \$30,000 for vehicle maintenance).

### 1.2.3 Hospital Related Operating Costs

\$314,000	per Acute Care bed <sup>(a)</sup>
\$46,000	per Hospital in Home bed <sup>(a)</sup>
\$1,000,000	per Intensive Care Unit bed <sup>(a)</sup>
\$250,000	per Paediatric High Dependency bed <sup>(a)</sup>

**Notes:**

(a) These are marginal costs. At a point, the cost of operating more beds will be closer to average costs than marginal costs. This occurs because once a system reaches full operating capacity, any subsequent increases to bed stock requires a greater level of support services. These marginal costs do not include capital costs.

### 1.2.4 Vehicle Costs

\$250,000	per Ambulance Vehicle <sup>(a)</sup>
\$800,000	per ACT Fire and Rescue pumper (Two axle heavy rescue pumper and equipment) <sup>(a)</sup>
\$455,000	per rigid ACTION bus <sup>(a)</sup>
\$675,000	per articulated ACTION bus <sup>(a)</sup>
\$13,500	per annum lease on standard passenger vehicle <sup>(b)</sup>

**Note:**

(a) Estimated capital costs - does not include vehicle maintenance, fuel and other running costs.

(b) Based on 2011-12 average fleet cost of a 4-cylinder leased motor vehicle including running costs.

## 1.3 Wages and Salaries

An average salary cost for each generic administrative classification within the ACT Public Service is provided at [Attachment A](#). Specific occupational groups are not covered in this template. If required, these groups will be costed at the average or specific salary for that group and level.

## 1.4 Superannuation Contribution Rates

The benchmark ACT Government rate for superannuation for new employees is 9 per cent.

## 1.5 Leave Benefits

The benchmark for accruing benefits is 4 per cent. This includes 2.5 per cent for long service leave (i.e. 9 days per year) and an annualised rate of 1.5 per cent for leave loading.

## 1.6 Workers' Compensation

The cost of workers' compensation premiums depending on workforce. [Attachment B](#) provides indicative rates. These are applied to the average salary for the appropriate position level in Column "A" of the 2012-13 Average Salary Costing Template (at [Attachment A](#)).

## 1.7 Administrative On-Costs

The benchmark administrative on-cost for new employees in 2012-13 is \$17,027. This estimate is based on the following:

	2012-13 \$
Administrative Component (including items such as desktop IT items and support, accommodation, insurance, training etc).	15,062
Corporate Component (Human Resource and Finance Services)	1,965
<b>Total Administrative On-Cost</b>	<b>17,027</b>

## 1.8 Depreciation Schedules for Different Asset Classes

Benchmark depreciation/amortisation for non-current assets as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
Buildings	Straight Line	5-100
Infrastructure	Straight Line	5-100
Land Improvements	Straight Line	5-100
Leasehold Improvements	Straight Line	2-10
Plant and Equipment	Straight Line	2-20
Motor Vehicles	Straight Line	2-4
Externally Purchased Intangibles (Software)	Straight Line	2-5
Internally Developed Intangibles	Straight Line	2-5
Community and Heritage Assets	Straight Line	5-100

Non-current assets with a limited useful life are depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful life commences when the asset is ready for use. When an asset is revalued, it is depreciated/amortised over its newly assessed remaining useful life.

Land, and some community and heritage assets have an unlimited useful life and are therefore not depreciated. Leasehold improvements and motor vehicles under a finance lease are depreciated over the estimated useful life of each asset, or the unexpired period of the relevant lease, whichever is shorter.

All depreciation is calculated after first deducting any residual values which remain for each asset.

Applicable Accounting Standards include:

- AASB 116 *Property, Plant and Equipment* – prescribes the accounting treatment for property, plant and equipment (PPE) including their recognition, and the determination of their carrying amounts, depreciation and impairment losses.
- AASB 138 *Intangible Assets* – defines an intangible asset and prescribes the recognition, measurement and disclosures applicable to intangible assets which are not dealt with specifically in another Standard.

## 1.9 Amortisation

Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as buildings, infrastructure assets, and plant and equipment. All major information technology systems exceeding \$50,000 in value are amortised over three years (i.e. 33 per cent per annum).

## 1.10 Other Items

### 1.10.1 Interest Rates

The benchmark interest rate is that publicly announced by the Reserve Bank of Australia (RBA). Consistent with the RBA's advice on 6 June 2012, the cash rate target is presently 3.5 per cent (correct at time of publication).

### 1.10.2 Cost of Funds

The benchmark interest rate for the cost of funds is presently 4.25 per cent. This will be the benchmark used by Treasury to cost the funding costs for capital works.

## 1.11 General Cost Escalators

Treasury's costings assume that expenditure will start in 2012-13 (ie the current budget period). The costs provided in this paper apply to 2012-13, but will need to be escalated at a general price escalator for 2013-14 and beyond. Treasury suggests that from 2012-13, non-salary running costs be escalated at CPI (2.5 per cent), while salary costs be escalated at 3 per cent per annum. The wage escalator is broadly in line with current outcomes and expectations of future wage growth in the ACT Public Service.

## 1.12 Economic Forecasts, Year-Average Percentage Change

The table below provides a summary of current economic data.

	Actual	Forecasts	Forecasts	Projections <sup>(a)(b)</sup>		
	2010-11	<u>/Actual</u> 2011-12	2012-13	2013-14	2014-15	2015-16
<b>ACT</b>						
Gross State Product	2.8	2½	2	3	3	3
Employment <sup>(c)</sup>	2.2	<u>0.6</u>	0	1¾	1¾	1¾
State Final Demand	4.3	2	½	4¾	4¾	4¾
Consumer Price Index <sup>(c)</sup>	2.7	<u>2.5</u>	2¼	2½	2½	2½
Wage Price Index <sup>(d)</sup>	3.6	<u>3.3</u>	3½	4	4	4
Population <sup>(e)</sup>	1.9	1½	1½	1½	1½	1½
<b>Australia</b>						
Gross Domestic Product	1.9	3	3¾	3	3	3

#### Notes:

(a) Forecasts and projections are rounded to ¼ of a percentage point.

(b) Projections are based on long-run averages, except for population forecasts.

(c) The actual outcome for employment growth, CPI growth and WPI growth for 2011-12 was 0.6 per cent, 2.5 per cent and 3.3 per cent respectively.

(d) Note this differs from the general ACT Public Sector wage inflator suggested by Treasury for costing purposes.

(e) Growth rate of June quarter compared to June quarter of previous year (Chief Minister and Cabinet Directorate projections).

#### Additional economic data for the Australian Capital Territory (2011-12):

Employment:	205,890 persons
State Final Demand:	\$47.2 billion (forecast)
Gross State Product:	\$30.2 billion (forecast)
Population:	373,268 persons (forecast)

## Attachment A – 2012-13 Average Salary Costing Template

### Assumptions

- Salary figures based on average of salary classification increments.
- New staff superannuation rate is 9 per cent.

Position Level	Average Salary (a)	Superannuation (9%) (b)	LSL/LL (4%) (c)	Sub-Total (a) + (b) + (c) = (d)	Workers' Comp * (e)	Total Salary and Salary On-Costs (d) + (e) = (f)	Admin On-Costs (g)	Total Salary, Salary on-costs and Admin on-costs (f) + (g) = (h)	Number of Staff (FTE) (i)	Total Costs (h) x (i) = (j)
<b>SOG A</b>	123,208	11,089	4,928	139,225		139,225	17,027	156,252		0
<b>SOG B</b>	112,361	10,112	4,494	126,968		126,968	17,027	143,995		0
<b>SOG C</b>	93,297	8,397	3,732	105,426		105,426	17,027	122,453		0
<b>ASO 6</b>	75,629	6,807	3,025	85,461		85,461	17,027	102,488		0
<b>ASO 5</b>	67,666	6,090	2,707	76,462		76,462	17,027	93,489		0
<b>ASO 4</b>	61,461	5,532	2,458	69,451		69,451	17,027	86,478		0
<b>ASO 3</b>	54,893	4,940	2,196	62,030		62,030	17,027	79,057		0
<b>ASO 2</b>	48,901	4,401	1,956	55,259		55,259	17,027	72,286		0
<b>ASO 1</b>	43,025	3,872	1,721	48,619		48,619	17,027	65,646		0
<b>Total</b>									<b>0.0</b>	<b>0</b>

\* The applicable Workers' Compensation rate should be used to calculate this figure. The figure is a percentage of the average salary (found at [Attachment B](#))

## Attachment B – Indicative Benchmark 2012-13 Comcare Premium Rates

<b>Comcare Premium Rates</b>	
<b><u>Standard Roles</u></b>	
General Clerical (e.g. Policy Officer, Corporate Support)	1.5%
<b><u>Operational or Service Delivery Roles</u></b>	
Justice & Community Safety Directorate -	
Office of Regulatory Services	6%
Corrections/Compliance	11%
Emergency Services Agency	11%
Education & Training Directorate -	
Primary, Secondary, Colleges	4%
Special Schools	11%
Canberra Institute of Technology	2%
Housing ACT	3%
Community Services Directorate -	
Therapy ACT, artsACT	2.5%
Office for Children, Youth and Family Support	6%
Disability Services	15%
Health Directorate (non clerical)	
Mental Health	7%
Territory & Municipal Services (non clerical)	7%
ACTION	15%

**Note:** If a specific area is not identified in the table above, standard Comcare percentage rates should be applied.