



ACT
Government

AUSTRALIAN CAPITAL TERRITORY

**STANDARD COSTING
PARAMETERS
2020**

August 2020

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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 may be requested to cost election commitments during the ACT Legislative Assembly election process. For the purposes of this document, the position of Director-General is defined as the Under Treasurer of the ACT Government's Chief Minister, Treasury and Economic Development Directorate.

Consistent with Section 7 of the Act, this document, in conjunction with the *Guidelines for Costing Election Commitments 2020* (the Guidelines), sets out "benchmark" standard costs to assist in costing election commitments.

Treasury acknowledges that a benchmark cost may not be suitable in all circumstances and that it is important to consider the context and scale of activities to be costed. In particular, Treasury will consider whether a commitment represents a marginal increase in service levels or activity or a more significant incremental increase. Similarly, Treasury will take into account the scale of the increase vis-a-vis the underlying size and functions of the Directorate or agency.

In preparing costing requests parties should:

- Provide costs on an annual basis for the budget year (2020-21) and the following three financial years. Inclusion of costs for 2024-25 and future years is also acceptable.
- Separately identify revenue, expense and capital components.
- Indicate where expense or revenue levels are not expected to reach peak levels until after the end of the forward estimates period.
- Indicate whether directorate/agency expenses associated with implementation of a proposal are to be absorbed or supplemented.
- Identify full-year, part-year and one-off effects.
- Generally, provide point estimates; however, a costing range may be provided if that is considered more appropriate.

The Under Treasurer 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)

\$107,182	per Bus Driver ^(a)
\$119,000	per Classroom Teacher ^(a)
\$152,244	per Executive Teacher ^(a)
\$177,261	per Deputy Principal ^(a)
\$205,840	per Principal ^(a)
\$164,000	per Fire Fighter ^{(a)(b)}
\$183,000	per Fire Station Officer ^{(a)(b)}
\$181,000	per Nurse ^{(a)(b)}
\$196,000	per Police Officer (Constable rank) – first year ^(c)
\$185,000	per Police Officer (Constable rank) – subsequent years ^{(c)(d)}

\$249,000 per Police Officer (Sergeant rank) – first year^(c)
\$239,000 per Police Officer (Sergeant rank) – subsequent years^{(c)(d)}

Notes:

- (a) Includes on-costs (workers compensation, superannuation, leave etc)
- (b) Includes overtime and allowance provisions
- (c) Includes on-costs (workers compensation, superannuation, leave and enabling costs)
- (d) Costs are for the 2021-22 financial year, rather the 2020-21 financial year.

1.2.2 Employment of Frontline Staff – Indicative Crew Costs

\$1,258,000 per 18 Fire Fighter college recruits (includes salary costs for 18 weeks for the college recruits, uniform costs, overtime and all other training related expenses)^(a)
\$2,208,831 per Ambulance Crew, based on 15 paramedics, two rostered crew shifts per day (24/7) (includes employee costs, administrative on-costs, overtime, training and uniform related costs, medical supplies, and vehicle maintenance)

Notes:

- (a) The 2020 and 2016 costs are not directly comparable. The 2016 parameters were for 16 Fire Fighter college recruits (rather than 18) and did not include salary costs for 18 weeks for the recruits.

1.2.3 Hospital Related Operating Costs

\$493,000 per Acute Care bed^(a)
\$204,000 per Hospital in the Home (HITH) bed^(b)
\$2,187,000 per Intensive Care Unit bed^(c)
\$1,499,000 per Paediatric High Dependency (HD) bed^(d)

Notes:

All costs include medical and supplies, pharmacy, pathology, cleaning, repairs and maintenance, clinical equipment, food, linen, electricity and overhead (excluding capital), and an allocation for medical registrars, wardsmen, administrative support, imaging, and allied health.

- (a) Full-time Equivalent (FTE) ratio of 2.71 staff per bed.
- (b) FTE ratio of 1.07 staff per bed. Calculated on the annual cost of HITH as at 2019-20, and activity from the Medical Day Unit of 16.2 Beds Per Day (BPD) and HITH / Patients Home of 23.5 BPD.
- (c) FTE ratio of 2.1 nursing positions to 1 ICU Bed for a 24/7 period.
- (d) Ratio of 1 nurse to 2 HD Bed. FTE ratio of 5.9 positions per HD bed.

1.2.4 Vehicle Costs

\$275,000 per Ambulance Vehicle^(a)
\$900,000 per ACT Fire and Rescue pumper (two axle heavy rescue pumper and equipment)^(a)
\$7,000 per police vehicle (capital cost)
\$19,200 per annum lease cost per police vehicle
\$474,700 per rigid ACTION bus^{(a)(b)(c)}
\$741,195 per articulated ACTION bus^{(a)(b)}
\$12,200 per annum lease on a small electric passenger vehicle^{(b)(d)(e)}

Notes:

- (a) Estimated capital costs – does not include vehicle maintenance, fuel and other running costs.
- (b) Cost is GST exclusive.
- (c) Does not include variations incurred during build.
- (d) Based on the 2020-21 average annual lease cost for a 60,000 km, four-year lease for an automatic transmission electric vehicle. This includes maintenance, insurance, registration, tyre, parking and charging costs.
- (e) Excludes FBT.

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.

ACT Public Service Senior Executive Service and full-time Statutory Officer remuneration should be costed based on the relevant ACT Remuneration Tribunal determination, which can be found at: www.remunerationtribunal.act.gov.au.

1.4 Superannuation Contribution Rates

The benchmark ACT Government rate for superannuation for new employees is 11.5 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 (ie 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 varies depending on workforce structure. Attachment B provides indicative rates. These are applied to the average salary for the appropriate position level in Column "A" of the 2020-21 Average Salary Costing Template (at Attachment A).

1.7 Administrative On-Costs

The benchmark administrative on-cost for new employees in 2020-21 is \$20,590. This estimate is based on the following:

	2020-21 \$
Administrative Component (including items such as desktop IT items and support, accommodation, insurance, training etc)	18,142
Corporate Component (Human Resource and Finance Services)	2,448
Total Administrative On-Cost	20,590

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 are depreciated over the estimated useful life of each asset.

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 (ie 33 per cent per annum).

1.10 Accounting Standards

Costings should take into account the relevant accounting standards, including *AASB15 Revenue from Contracts with Customers* and *AASB16 Leases*.

1.11 Other Items

1.11.1 Interest Rates

The benchmark interest rate is that publicly announced by the Reserve Bank of Australia (RBA). Consistent with the RBA's advice on 4 August 2020, the cash rate target is presently 0.25 per cent (correct at time of publication).

1.11.2 Cost of Funds

The benchmark interest rate for the cost of funds is presently 1.6 per cent. This will be the benchmark used by Treasury to cost the funding costs for capital works.

1.12 General Cost Escalators

The Chief Minister, Treasury and Economic Development Directorate's costings will assume that expenditure will start in 2020-21 (i.e. the current period for the Economic and Fiscal Update). The costs provided in this paper apply to 2020-21, but will need to be escalated at a general price escalator for 2021-22 and beyond.

Treasury advice is that for 2020-21, non-salary running costs be escalated at the CPI growth rate of 1.5 per cent, which excludes the impact from free childcare. For 2021-22, 2022-23 and 2023-24, non-salary running costs are advised to be escalated at the CPI growth rate of 1.25 per cent, 1.5 per cent and 1.75 per cent, respectively.

Treasury also advises that salary running costs be escalated at the WPI growth rate of 1.5 per cent for 2020-21 and 1.75 per cent for 2021-22. For 2022-23 and 2023-24, salary running costs are advised to be escalated at the WPI growth rate of 2 per cent.

The table below provides up-to-date forecasts and projections for the ACT economy. Actuals are provided where available.

1.13 Economic Forecasts, Year-Average Percentage Change

	Actual	Estimate/ Actual	Forecast	Forecast	Projection	Projection
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
ACT						
Gross State Product ^{1,2}	3.0	1½	-1½	4	3½	3¼
Employment ^{3,4}	1.5	-0.6	-¼	3¼	2½	2
Wage Price Index ^{4,5,6}	2.2	2	1½	1¾	2	2
Consumer Price Index ^{4,5,7}	1.7	-0.6	1½	1¼	1½	1¾
Population ⁵	1.5	¾	1	1¼	1½	1¾
Australia						
Gross Domestic Product ^{1,2,8}	2.0	-¼	-2½	-	-	-

Sources: ABS Cat. No. 5220.0, 5206.0, 6202.0, 6345.0, 6401.0 and 3101.0; Chief Minister, Treasury and Economic Development Directorate

Notes: Forecasts and projections are rounded to a ¼ of a percentage point. Projections are technical assumptions based on a return to a long-run trend.

1. Real values.
2. Year average basis. Given the heightened risks around the current economic environment, we have not provided forecasts for State Final Demand.
3. Through the year basis to the month of June.
4. For 2019-20, employment, Wage Price Index and Consumer Price Index are actual.
5. Through the year basis to the June quarter.
6. Total hourly rates of pay, excluding bonuses.
7. Note that the CPI growth rate of 1.5 per cent is the underlying growth rate which excludes the impact from free childcare.
8. These are Commonwealth July 2020 Economic and Fiscal Update forecasts, which are not available from 2021-22 onwards.

Additional economic data for the Australian Capital Territory (latest):

Employment: 233,400 persons (July 2020)
 Gross State Product: \$41.6 billion (2018-19)
 Population: 427,419 persons (December 2019)

Attachment A – 2020-21 Average Salary Costing Template

Position Level	Average Salary (a)	Superannuation (11.5%) (b)	LSL/LL (4%) (c)	Sub-Total (a) + (b) + (c) = (d)	Workers' Comp Rate* (e)	Total Workers Comp (a) x (e) = (f)	Total Salary and Salary On-Costs (d) + (f) = (g)	Admin On-Costs (h)	Total Salary, Salary on-costs and admin on-costs (g) + (h) = (i)	Number of Staff (FTE) (j)	Total Costs (i) x (j) = (k)
SOG A	148,883	17,122	5,955	171,960		0.0	171,960	20,590	192,550		0
SOG B	134,821	15,504	5,393	155,718		0.0	155,718	20,590	176,308		0
SOG C	113,006	12,996	4,520	130,522		0.0	130,522	20,590	151,112		0
ASO 6	90,937	10,458	3,637	105,032		0.0	105,032	20,590	125,622		0
ASO 5	83,828	9,640	3,353	96,821		0.0	96,821	20,590	117,411		0
ASO 4	76,302	8,775	3,052	88,129		0.0	88,129	20,590	108,719		0
ASO 3	67,489	7,761	2,700	77,949		0.0	77,949	20,590	98,539		0
ASO 2	60,408	6,947	2,416	69,771		0.0	69,771	20,590	90,361		0
ASO 1	53,327	6,133	2,133	61,592		0.0	61,592	20,590	82,182		0
Total											

* The applicable Workers' Compensation rate should be used to calculate this figure. Relevant rates may be found at [Attachment B](#).

Attachment B – Indicative Benchmark 2020-21 Workers' Compensation Rates

Agency	Premium rate
Justice and Community Safety Directorate (JACS)	5.67%
JACS – Other	2.24%
ACT Corrective Services	7.13%
Emergency Services Authority (ESA)	7.73%
ACT Fire and Rescue	5.29%
Rural Fire Service	6.47%
ACT Ambulance Service	12.17%
SES	5.28%
Admin, Other	2.02%
Education Directorate	2.43%
Secondary Colleges	1.72%
High Schools	3.99%
Primary / Combined Schools	1.76%
Special Schools	6.74%
Preschools	2.44%
Learning, Teaching and Student Engagement	2.84%
Tertiary Education, Corporate and Support Services	2.29%
Chief Minister, Treasury and Economic Development Directorate	2.02%
Chief Minister Stream	1.18%
Access Canberra	3.30%
Access Canberra (Core)	3.30%
Gambling and Racing Commission Board	0.70%
Treasury	1.75%
Economics, Budget and Industrial Relations	0.77%
Commercial Services and Infrastructure	2.14%
ACT Insurance Authority (ACTIA)	1.69%
Shared Services	1.86%
Property Group	2.87%
Economic Development	2.05%
Economic Development (Core)	1.31%
Cultural Facilities Corporation	3.94%
Building and Construction Industry Training Board	0.70%
University of Canberra	0.93%
Canberra Institute of Technology	2.16%
Housing ACT	2.28%
Calvary Health Care	2.33%
Community Services Directorate	5.21%
Corporate and Executive	2.49%
Office for Children, Youth and Family Support (OCYFS)	7.36%
OCYFS (Core)	6.16%
Bimberi	12.11%
Health Directorate	2.71%
Office of the Director-General	0.71%
DD-G TCH & Health Services	2.59%

Agency	Premium rate
Mental Health, Justice Health and Alcohol and Drug	4.18%
Surgery and Oral Health	2.80%
Women, Youth and Children's Health	2.77%
Office of the DD-G TCH and Health Services	1.82%
Medicine	1.66%
Pathology	1.27%
Chief of Clinical Operations	2.41%
Critical Care	3.66%
Clinical Support Services	4.18%
Rehabilitation, Aged and Community Care	1.28%
Cancer, Ambulatory and Community Health Support	1.19%
Quality, Governance and Risk	1.94%
Population Health	0.79%
Innovation	0.70%
Deputy Director-General Strategy and Corporate	5.79%
Business Support	8.55%
Business Performance Information and Decision Support	3.88%
Strategic Finance	0.70%
Digital Solutions	4.67%
Deputy Director-General Corporate	0.62%
Health Infrastructure Services	1.03%
Special Purpose Account	0.70%
Transport Canberra and City Services Directorate	3.61%
Chief Operating Officer	1.35%
City Services	4.60%
Yarralumla Nursery	9.75%
Canberra Cemeteries	15.13%
Capital Linen Service	4.31%
Roads ACT	2.76%
City Presentation	6.19%
Capital Works Design and Delivery	1.22%
ACT No Waste	2.46%
Libraries	1.19%
Birrigai	2.23%
Transport Canberra	0.70%
Light Rail Delivery	0.70%
Public Transport	0.70%
Environment, Planning and Sustainable Development (EPSDD)	1.88%
EPSDD – Core	0.98%
Parks, Conservation and Lands	4.30%
ACT Audit Office	1.22%
Public Transport Operations	9.85%
Legal Aid ACT	0.70%
Public Trustee and Guardian	1.32%
Independent Competition and Regulatory Commission	0.70%
ACT Teacher Quality Institute	0.70%
ACT Government Executive	0.70%
ACT Legislative Assembly	0.70%

Agency	Premium rate
Office of the Legislative Assembly	0.70%
Legislative Assembly Members Staff	0.70%
ACT Long Service Leave Authority	0.70%
ACT Electoral Commission	0.70%
City Renewal Authority	0.70%
Suburban Land Agency	0.70%