Attachment E:
2022-23 Budget submission and template – Additional guidance

1. Staffing costs
* All **Victorian Public Service (VPS) staffing** costings should be calculated using the costs in the **Standard costing model for VPS staff** in the following tables. **VPS Aligned** classifications covered by the Victorian Public Service Enterprise Agreement 2020 should also be calculated using this methodology.
* For **Non-VPS Aligned Adaptive Structures**, departments are requested, in consultation with DTF, to use the **mid salary point** for the respective classification and grade and apply the same methodology as per the standard costing model for VPS staff below (i.e. replace the VPS salary point with the desired classification).
* The method for costing other non-standard staffing costs and staffing classifications covered by other enterprise agreements is to be agreed with DTF on a case-by-case basis.
* Year-on-year indexation should be not be applied to staffing costs.
* The costing template has been set up to calculate the standard VPS costs, these are calculated based on the year in which the VPS staff commences and are static across the forward estimates. The example below shows how the standard cost would be calculated for a new VPS 5 starting in 2022-23 and 2023-24.

|  |  |  |  |  | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Ongoing |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Staffing classification | No. of staff | Starting year | Sunset year | Location |  |  |  |  |  |
| VPS 5 | 1 | 2022-23 | Ongoing | Metro suburban | $154,025.94 | $154,025.94 | $154,025.94 | $154,025.94 | $154,025.94 |
| VPS 5 | 1 | 2023-24 | Ongoing | Metro suburban |  | $159,946.66 | $159,946.66 | $159,946.66 | $159,946.66 |

## Standard costing model for VPS staff

DTF has prepared a standard cost model that must be used for all 2022-23 Budget submissions that include costings for VPS staff. The standard cost model covers both executive and non-executive officers and is based on the salary increases from the Government’s Wages Policy and Enterprise Bargaining Framework. The salary points in the following tables should apply from the year in which the VPS staff commences.

| VPS staff – Commencing in 2021-22(a) |
| --- |
|   | VPS 2 | VPS 3 | VPS 4 | VPS 5 | VPS 6 | STS | EO3 | EO2 |
| 2021-22 salary point | $62,536 | $79,551 | $94,939 | $113,411 | $147,185 | $201,778 | $207,330 | $285,201 |
| Mobility payment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Superannuation | $6,254 | $7,955 | $9,494 | $11,341 | $14,719 | $20,178 | $20,733 | $28,520 |
| Salary on-costs – Rate | 11.78% | 11.78% | 11.78% | 11.63% | 11.35% | 11.10% | 10.33% | 10.33% |
| Mobility on-costs – Rate | 5.85% | 5.85% | 5.85% | 5.85% | 5.85% | 5.85% | 0.00% | 0.00% |
| On-costs – $ | $7,364 | $9,368 | $11,180 | $13,188 | $16,710 | $22,404 | $21,426 | $29,473 |
| Operating costs | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 |
| Total standard cost | $89,901 | $110,621 | $129,360 | $151,687 | $192,361 | $258,107 | $263,235 | $356,942 |

Note:

(a) VPS salaries are based on the mid-point salaries as at 1 September 2021 in the VPS Agreement.

| VPS staff – Commencing in 2022-23(a) |
| --- |
|   | VPS 2 | VPS 3 | VPS 4 | VPS 5 | VPS 6 | STS | EO3 | EO2 |
| 2021-22 mid salary point | $63,318 | $80,545 | $96,126 | $114,829 | $149,025 | $204,300 | $209,921 | $288,766 |
| Mobility payment | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Superannuation | $6,648 | $8,457 | $10,093 | $12,057 | $15,648 | $21,452 | $22,042 | $30,320 |
| Salary on-costs – Rate | 11.81% | 11.81% | 11.81% | 11.66% | 11.39% | 11.14% | 10.37% | 10.37% |
| Mobility on-costs – Rate | 5.85% | 5.85% | 5.85% | 5.85% | 5.85% | 5.85% | 0.00% | 0.00% |
| On-costs – $ | $7,479 | $9,514 | $11,354 | $13,393 | $16,972 | $22,757 | $21,768 | $29,945 |
| Operating costs | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 |
| Total standard cost | $91,192 | $112,263 | $131,320 | $154,026 | $195,392 | $262,256 | $267,478 | $362,778 |

Note:

(a) 1.25 per cent growth has been assumed for 2022-23 VPS staff salaries, reflecting the growth in salaries in the VPS Agreement between 1 September 2021 and 1 June 2022. Legislated increases in Superannuation Guarantee contributions have also been applied.

| VPS staff – Commencing in 2023-24(a) |
| --- |
|   | VPS 2 | VPS 3 | VPS 4 | VPS 5 | VPS 6 | STS | EO3 | EO2 |
| 2022-23 mid salary point | $64,901 | $82,559 | $98,529 | $117,699 | $152,751 | $209,408 | $215,169 | $295,986 |
| Mobility payment | $853 | $1,072 | $1,297 | $1,526 | $2,028 | $2,724 | $0 | $0 |
| Superannuation | $7,233 | $9,199 | $10,981 | $13,115 | $17,026 | $23,334 | $23,669 | $32,558 |
| Salary on-costs – Rate | 11.85% | 11.85% | 11.85% | 11.70% | 11.42% | 11.17% | 10.41% | 10.41% |
| Mobility on-costs – Rate | 5.85% | 5.85% | 5.85% | 5.85% | 5.85% | 5.85% | 0.00% | 0.00% |
| On-costs – $ | $7,739 | $9,844 | $11,749 | $13,859 | $17,570 | $23,560 | $22,389 | $30,799 |
| Operating costs | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 |
| Total standard cost | $94,473 | $116,420 | $136,303 | $159,947 | $203,121 | $272,773 | $274,974 | $373,089 |

Note:

(a) 2.50 per cent growth has been assumed for 2023-24 VPS staff salaries, reflecting the growth in salaries in the VPS Agreement between 1 June 2022and 1 December 2023. Legislated increases in Superannuation Guarantee contributions have also been applied.

| VPS staff – Commencing in 2024-25(a) |
| --- |
|   | VPS 2 | VPS 3 | VPS 4 | VPS 5 | VPS 6 | STS | EO3 | EO2 |
| 2023-24 mid salary point | $65,874 | $83,797 | $100,007 | $119,465 | $155,042 | $212,549 | $218,397 | $300,425 |
| Mobility payment | $866 | $1,088 | $1,316 | $1,549 | $2,058 | $2,765 | $0 | $0 |
| Superannuation | $7,675 | $9,762 | $11,652 | $13,917 | $18,067 | $24,761 | $25,116 | $34,549 |
| Salary on-costs – Rate | 11.88% | 11.88% | 11.88% | 11.74% | 11.46% | 11.21% | 10.44% | 10.44% |
| Mobility on-costs – Rate | 5.85% | 5.85% | 5.85% | 5.85% | 5.85% | 5.85% | 0.00% | 0.00% |
| On-costs – $ | $7,879 | $10,021 | $11,961 | $14,110 | $17,888 | $23,989 | $22,803 | $31,367 |
| Operating costs | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 |
| Total standard cost | $96,041 | $118,415 | $138,683 | $162,787 | $206,802 | $277,811 | $280,062 | $380,089 |

Note:

(a) 1.5 per cent growth has been assumed for 2024-25 VPS staff salaries. Legislated increases in Superannuation Guarantee contributions have also been applied.

| VPS staff – Commencing in 2025-26(a) |
| --- |
|   | VPS 2 | VPS 3 | VPS 4 | VPS 5 | VPS 6 | STS | EO3 | EO2 |
| 2023-24 mid salary point | $66,862 | $85,054 | $101,507 | $121,257 | $157,367 | $215,737 | $221,673 | $304,932 |
| Mobility payment | $879 | $1,104 | $1,336 | $1,572 | $2,089 | $2,806 | $0 | $0 |
| Superannuation | $8,129 | $10,339 | $12,341 | $14,739 | $19,135 | $26,225 | $26,601 | $36,592 |
| Salary on-costs – Rate | 11.92% | 11.92% | 11.92% | 11.77% | 11.50% | 11.25% | 10.48% | 10.48% |
| Mobility on-costs – Rate | 5.85% | 5.85% | 5.85% | 5.85% | 5.85% | 5.85% | 0.00% | 0.00% |
| On-costs – $ | $8,021 | $10,202 | $12,176 | $14,365 | $18,213 | $24,426 | $23,224 | $31,947 |
| Operating costs | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 | $13,747 |
| Total standard cost | $97,638 | $120,446 | $141,108 | $165,680 | $210,551 | $282,941 | $285,244 | $387,217 |

Note:

(a) 1.5 per cent growth has been assumed for 2025-26 VPS staff salaries, Legislated increases in Superannuation Guarantee contributions have also been applied.

## Notes to the Standard costing model for VPS staff

The standard costing model is based on the following assumptions.

### Salary

* VPS staff are employed at the mid salary point for their respective VPS grade.
* Executive officer total remuneration package (TRP) is based on the midpoint TRP for the relevant classification across the public service as at 1 July 2020 (as advised by the Victorian Public Sector Commission).

### Mobility payments

* Based on the payment for an employee at the mid-point of their respective VPS Grade.
* No payment is included for 2022-23 reflecting the assumption that new employees have not commenced at the time of payment (1 July 2022).

### Superannuation

Calculated at 10 per cent, 10.5 per cent, 11 per cent, 11.5 per cent and 12 per cent for 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26 respectively to reflect the legislated increases in Superannuation Guarantee contributions.

### Salary on-costs

* Salary on-costs are calculated as a percentage of the salary to be paid and are based on the following assumptions:
	1. the average WorkCover premium rate is 1.272 per cent of rateable remuneration and is based on the average rate published in the WorkSafe Victoria Annual Report. The WorkCover premium rate is applied to wages, superannuation and leave loading.
	2. the payroll tax rate is 4.85 per cent of taxable wages and 1 per cent for the mental health and wellbeing surcharge. Taxable wages include wages, superannuation and leave loading.
	3. recreation leave loading at the rate of 17.5 per cent of salary for four weeks annual leave, capped at the VPS 4 level; and
	4. long service leave provision has been calculated at the rate of 2.5 per cent.
* The salary on-costs may be adjusted where an initiative requires employment of a specialist workforce where the average on-costs for this workforce vary materially to the on-cost rates above. For example, the on-costs could be amended where the WorkCover premium rate paid in relation to this workforce significantly exceeds the average rate, or where the nature of the workforce requires significant use of penalty rates.

### Operating costs

* Operating costs include an estimated average allowance for stationery, telephones, printing, training etc. and includes the metropolitan Cenitex charge for the provision of a single PC.
* The operating costs do not include any of the following costs as additional expenditure should not be incurred for the majority of positions:
	1. Accommodation (e.g. rental and fit-out);
	2. Employee establishment costs (e.g. purchase of additional IT equipment, furniture); or
	3. Motor vehicle.

If the budget proposal needs to include costings for any of the above costs, the submission should clearly justify the inclusion and provide a detailed estimate of these costs, including the basis of this estimate.

## Social Services Workforce Model

Additional FTE disaggregation may be requested for social services delivery budget bids (most likely in DFFH, DH, DJCS and DET) that are proposing an increase of 100 frontline FTE or more over the forward estimates.

This additional information will feed into social services workforce modelling as a whole of government planning activity. The modelling is intended to support Government decision making relating to social services workforce, including capacity and identifying social service workforces at high risk of experiencing workforce shortages. The additional breakdown will seek information on the occupation (most likely ANZSCO 4) and/or specific job roles of the requested FTE. This request is likely to be made by the Recovery Tracking and Analytics Branch in DPC shortly after budget bid lodgement, however if the information is available, it can be provided before lodgement.

For further details on this work contact David Towns, Recovery Tracking and Analytics Branch, DPC, david.towns@dpc.vic.gov.au.

1. Other policy and program specific costs

The methodology for the costing of other policy and program specific costs will vary on a **case‑by‑case basis**, however, as a general rule, departments should aim to provide sufficient justification that demonstrates **what** is being purchased, **why** it is required, and **how** the costs have been derived.

DTF requests that departments:

* consider the **Costing guiding principles** in the following table when calculating any non-staffing policy and program specific costs
* engage with DTF early in the costing process to discuss the preferred costing methodology/approach.

For those departments that are eligible to seek indexation, non-wage costs should generally be indexed at 2.5 per cent.

## Costing guiding principles

|  |  |  |
| --- | --- | --- |
| Components/activity | Cost drivers/methodology | Assumptions/supporting information |
| * Distinct activities and components of costings should be disaggregated, categorised and logically presented. For example, this could include, but is not limited to, separating:
	1. output from asset costs;
	2. staffing costs from other non‑staffing policy and program-specific costs;
	3. distinct items to be purchased, activities and functions to be performed;
	4. business areas of the department, teams’ structure, and roles;
	5. VPS staff, VPS Aligned, Non‑VPS Aligned Adaptive Structures (covered by the Victorian Public Service Enterprise Agreement) and other staffing classification captured by other enterprise agreements;
	6. services and activities performed by the department;
	7. services purchased from or via a third party;
	8. services or funding administered on behalf of a third party.
	9. reprioritised internal funding, user charges and other revenue.
 | * Costings should be presented in Microsoft Excel with all calculations and formulas accessible.
* Unit prices and quantities should be clearly visible and justified.
* Costing methodologies and cost drivers could include, but are not limited to:
	1. Variable costs/demand driven models; this may include price escalation and assumptions.
	2. Unit and fixed price elements; where price of a good or a service is not subject to change and costs are largely driven by price and quantity.
	3. Project and milestone driven models; where costs are dictated by agreed milestones or staged implementation.
	4. Capped, price floors or step costs; this could include expenses that are constant for a given level of activity, but increase, decrease or plateau once a threshold is crossed.
* Staffing costs are to be derived using standard costing methodologies such as the standard costing model for VPS staff (above) – other models/methodologies are to be agreed with DTF prior to use.
* Financial implications should be presented across the forward estimates period and should include ongoing costs (if necessary).
 | * Outcome achievement, the costing and associated supporting information should demonstrate the contribution towards achievement of, and should align with, each initiative’s proposed objectives.
* Robust data and evidence based: costing should be supported by appropriate evidence and assumptions. This could include but is not limited to:
	1. reference to source data, rates used and why they have been chosen;
	2. if costs are based on historical activity or experience, supporting information should detail assumptions and why a similar methodology is still applicable.
* Marginal costs only: supporting information should demonstrate that the requested funding represents the marginal costs of the activity only (i.e. incorporates existing funding and efficiencies provided from established departmental structures and processes).
* In the absence of robust data and standardised methodologies: assumptions used to calculate costs should be canvassed, sufficiently justified and agreed with DTF.
* Demand bids: these should outline the key drivers of the expected growth in a service or program and should be supported by:
	1. a disaggregation of costs into key demand drivers (population, service expansion and price); evidence / data of current utilisation; and
	2. assumption underlying anticipated growth.
 |

1. Gender Impact Assessments

The *Gender Equality Act 2020* (GEA) came into effect on 31 March 2021. The GEA requires Government departments and agencies to complete gender impact assessments of all new policies, programs and services that directly and significantly impact the public, as well as those up for review.

Business case templates require departments to incorporate the findings of gender impact assessments and how the design of the policy/service/program has addressed the findings. The business case templates provide guidance on how to include gender impact assessments throughout the documents and, where available, supporting documentation can be attached.

### How to determine a whether a policy, program or service has a direct and significant impact

**Direct**: Is the primary focus of the policy, program or service the public? (As opposed to your organisation, its employees, or other organisations)

**Significant**: Is there an impact on health, wellbeing, social, environmental, economic, or cultural outcomes for any part of the community?

The Commission for Gender Equality in the Public Sector has developed guidance materials including the gender impact assessment toolkit and templates, as well as guidance on how to determine whether a gender impact assessment is required.

[www.genderequalitycommission.vic.gov.au/gender-impact-assessments](https://www.genderequalitycommission.vic.gov.au/gender-impact-assessments)

Gender impact assessments entail four key steps:

1. Define the issues and challenge assumptions (this step can be documented in template 1)
2. Understand the policy context (this step can be documented in template 2)
3. Options analysis (this step can be documented in template 3)
4. Making recommendations (this step can be documented in template 4)
5. Other guidance

**Changing people’s behaviour**

The Behavioural Insights Unit should be engaged on submissions that significantly rely on behaviour change to be successful – whether of Victorians, service delivery agencies or members of the VPS. For example, initiatives to encourage new behaviours (e.g. infrastructure to support cycling to work) or take-up of services (e.g. preventative health screening). Please contact behavioural.insights@dpc.vic.gov.au or Kate Phillips (+61 417 447 676).

**Digital strategy**

Digital Victoria is housed in DPC and drives digital transformation across government, making it easier for business, communities and citizens to connect with government. Submissions that relate to digital strategy (including digital identity), transformation, design and innovation, cyber security, data insights and shared government services should make contact when developing related bids. See www.vic.gov.au/digital-strategy-transformation or contact lisa.tepper@dpc.vic.gov.au, Deputy CEO Digital Victoria.