Attachment E:
2023-24 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 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 2023-24 and 2024-25.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | 2023-24 | 2024-25 | 2025-26 | 2026-27 | Ongoing |
| **Staffing classification** | **No. of staff** | **Starting year** | **Sunset year** | **Location** |  |  |  |  |  |
| VPS 5 | 1 | 2023-24 | Ongoing | Metro suburban | $159,215 | $159,215 | $159,215 | $159,215 | $159,215 |
| VPS 5 | 1 | 2024-25 | Ongoing | Metro suburban |  | $166,824 | $166,824 | $166,824 | $166,824 |

* Salary costs should be calculated as the proportion of the year that FTE staff will be employed. For example: costs in 2024-25 for a 1.0 FTE VPS staff member that will begin on 1 December 2024 should be calculated as 7/12 months or 58.3 per cent of the total standard cost.

## Standard costing model for VPS staff

DTF has prepared a standard cost model that must be used for all 2024-25 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 2023-24(a) |
| --- |
|   | VPS 2 | VPS 3 | VPS 4 | VPS 5 | VPS 6 | STS | SES-1 | SES-2 |
| 2023-24 mid salary point | $64,910  | $82,569  | $98,547  | $117,716  | $152,771  | $209,438  | $223,250  | $306,422  |
| Mobility payment  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Superannuation | $7,140  | $9,083  | $10,840  | $12,949  | $16,805  | $23,038  | $24,557  | $33,706  |
| Salary on-costs – Rate | 12.72% | 12.72% | 12.72% | 12.58% | 12.30% | 12.05% | 11.27% | 11.27% |
| Mobility on-cost – Rate | 6.85% | 6.85% | 6.85% | 6.85% | 6.85% | 6.85% | 0.00% | 0.00% |
| On-costs – $ | $8,259  | $10,506  | $12,539  | $14,803  | $18,792  | $25,239  | $25,163  | $34,537  |
| Operating costs | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  |
| Total standard cost | $94,055  | $115,904  | $135,673  | $159,215  | $202,115  | $271,462  | $286,717  | $388,412  |

Note:

(a) 1 per cent growth has been assumed for 2023-24 VPS staff salaries, reflecting the growth in salaries in the VPS Agreement on 1 December 2023. The mid salary point of salaries are as at 1 December 2023.

| VPS staff – Commencing in 2024-25(a)(b) |
| --- |
|   | VPS 2 | VPS 3 | VPS 4 | VPS 5 | VPS 6 | STS | SES-1 | SES-2 |
| 2024-25 mid salary point | $67,181  | $85,459  | $101,996  | $121,836  | $158,118  | $216,768  | $231,063  | $317,146  |
| Mobility payment  | $879  | $1,104  | $1,336  | $1,572  | $2,089  | $2,806  | $0  | $0  |
| Superannuation | $7,827  | $9,955  | $11,883  | $14,192  | $18,424  | $25,251  | $26,572  | $36,472  |
| Salary on-costs – Rate | 12.76% | 12.76% | 12.76% | 12.62% | 12.34% | 12.09% | 11.31% | 11.31% |
| Mobility on-cost – Rate | 6.85% | 6.85% | 6.85% | 6.85% | 6.85% | 6.85% | 0.00% | 0.00% |
| On-costs – $ | $8,635  | $10,983  | $13,110  | $15,477  | $19,655  | $26,400  | $26,135  | $35,872  |
| Operating costs | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  |
| Total standard cost | $98,269  | $121,247  | $142,072  | $166,824  | $212,033  | $284,972  | $297,518  | $403,237  |

Note:

(a) 3.5 per cent growth has been assumed for 2024-25 VPS staff salaries in line with the Government’s Wages Policy, which provides for: (A) annual wage increases of 3 per cent plus (B) a limited cash payment equivalent to an annual 0.5 per cent wage increase which does not extend beyond the life of the EBA.

(b) 3.0 per cent growth has been applied to the mobility payment rates as per 1 July 2023 to reflect the growth in salaries and conditions.

| VPS staff – Commencing in 2025-26(a)(b) |
| --- |
|   | VPS 2 | VPS 3 | VPS 4 | VPS 5 | VPS 6 | STS | SES-1 | SES-2 |
| 2025-26 Mid Salary point | $69,533  | $88,450  | $105,566  | $126,100  | $163,652  | $224,355  | $239,150  | $328,247  |
| Mobility payment  | $905  | $1,137  | $1,376  | $1,619  | $2,152  | $2,890  | $0  | $0  |
| Superannuation | $8,453  | $10,750  | $12,833  | $15,326  | $19,896  | $27,269  | $28,698  | $39,390  |
| Salary on-costs – Rate | 12.80% | 12.80% | 12.80% | 12.65% | 12.38% | 12.13% | 11.35% | 11.35% |
| Mobility on-cost – Rate | 6.85% | 6.85% | 6.85% | 6.85% | 6.85% | 6.85% | 0.00% | 0.00% |
| On-costs – $ | $8,964  | $11,402  | $13,610  | $16,068  | $20,407  | $27,412  | $27,144  | $37,257  |
| Operating costs | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  |
| Total standard cost | $101,601  | $125,486  | $147,132  | $172,860  | $219,854  | $295,673  | $308,740  | $418,640  |

Note:

(a) 3.5 per cent growth has been assumed for 2025-26 VPS staff salaries in line with the Government’s Wages Policy, which provides for: (A) annual wage increases of 3 per cent plus (B) a limited cash payment equivalent to an annual 0.5 per cent wage increase which does not extend beyond the life of the EBA.

(b) 3.0 per cent growth has been applied to the mobility payment rates to reflect the growth in salaries and conditions.

| VPS staff – Commencing in 2026-27(a)(b) |
| --- |
|   | VPS 2 | VPS 3 | VPS 4 | VPS 5 | VPS 6 | STS | SES-1 | SES-2 |
| 2026-27 Mid Salary point | $71,966  | $91,546  | $109,261  | $130,513  | $169,380  | $232,207  | $247,521  | $339,735  |
| Mobility payment  | $932  | $1,171  | $1,417  | $1,668  | $2,216  | $2,977  | $0  | $0  |
| Superannuation | $8,748  | $11,126  | $13,281  | $15,862  | $20,592  | $28,222  | $29,702  | $40,768  |
| Salary on-costs – Rate | 12.80% | 12.80% | 12.80% | 12.65% | 12.38% | 12.13% | 11.35% | 11.35% |
| Mobility on-cost – Rate | 6.85% | 6.85% | 6.85% | 6.85% | 6.85% | 6.85% | 0.00% | 0.00% |
| On-costs – $ | $9,278  | $11,801  | $14,085  | $16,630  | $21,121  | $28,371  | $28,094  | $38,561  |
| Operating costs | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  |
| Total standard cost | $104,671  | $129,390  | $151,792  | $178,420  | $227,055  | $305,523  | $319,064  | $432,811  |

Note:

(a) 3.5 per cent growth has been assumed for 2026-27 VPS staff salaries in line with the Government’s Wages Policy, which provides for: (A) annual wage increases of 3 per cent plus (B) a limited cash payment equivalent to an annual 0.5 per cent wage increase which does not extend beyond the life of the EBA. Legislated increases in Superannuation Guarantee contributions have also been applied.

(b) 3.0 per cent growth has been applied to the mobility payment rates to reflect the growth in salaries and conditions.

| VPS staff – Commencing in 2027-28(a)(b) |
| --- |
|   | VPS 2 | VPS 3 | VPS 4 | VPS 5 | VPS 6 | STS | SES-1 | SES-2 |
| 2027-28 Mid Salary point | $74,485  | $94,750  | $113,085  | $135,081  | $175,308  | $240,334  | $256,184  | $351,626  |
| Mobility payment  | $960  | $1,206  | $1,460  | $1,718  | $2,283  | $3,066  | $0  | $0  |
| Superannuation | $9,053  | $11,515  | $13,745  | $16,416  | $21,311  | $29,208  | $30,742  | $42,195  |
| Salary on-costs – Rate | 12.80% | 12.80% | 12.80% | 12.65% | 12.38% | 12.13% | 11.35% | 11.35% |
| Mobility on-cost – Rate | 6.85% | 6.85% | 6.85% | 6.85% | 6.85% | 6.85% | 0.00% | 0.00% |
| On-costs – $ | $9,602  | $12,213  | $14,578  | $17,212  | $21,859  | $29,362  | $29,077  | $39,910  |
| Operating costs | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  | $13,747  |
| Total standard cost | $107,848  | $133,431  | $156,615  | $184,173  | $234,508  | $315,718  | $329,751  | $447,478  |

Note:

(a) 3.5 per cent growth has been assumed for 2027-28 VPS staff salaries in line with the Government’s Wages Policy, which provides for: (A) annual wage increases of 3 per cent plus (B) a limited cash payment equivalent to an annual 0.5 per cent wage increase which does not extend beyond the life of the EBA. Legislated increases in Superannuation Guarantee contributions have also been applied.

(b) 3.0 per cent growth has been applied to the mobility payment rates to reflect the growth in salaries and conditions.

## 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 salary mid-point for their respective VPS grade.
* Executive officer total remuneration package (TRP) is based on the midpoint TRP for the relevant classification effective from 1 July 2023 (as advised by the Victorian Public Sector Commission).
* Salary growth rate of 3.5 per cent assumed is in line with the Government current wages policy which provides for: (A) annual wage increases 3 per cent plus (B) a limited cash payment equivalent to an annual 0.5 per cent wage increase over the life of the enterprise agreement.

### Mobility payments

* No payment is included for 2023-24 reflecting the assumption that new employees have not commenced at the time of payment (1 July 2023).
* Based on the payment for an employee employed at the mid-point of their respective VPS Grade.
* 3.0 per cent growth has been applied to the mobility payment rates to reflect the growth in salaries and conditions.

### Superannuation

Calculated at 11 per cent, 11.5 per cent and 12 per cent for 2023-24, 2024-25 and from 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 (per year):
	1. the state government administration WorkCover premium rate is 1.052 per cent of rateable remuneration and is based on the industry rates published on the WorkSafe Victoria website. 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, 1 per cent has been added for the mental health and wellbeing surcharge and a further 1 per cent for the COVID-19 debt temporary payroll tax surcharge. This is applied to 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.

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. Program Budgeting (Output only)

Departments[[1]](#footnote-2) are required to identify the programmatic and departmental operating (non-programmatic) components of new output funding requests. This is reflected in updates to the business case and costing templates.

This involves separating proposed expenditure on an initiative into the following functional categories:

* ***Program:*** activities, services, projects, and expenditure that directly serves the public.
* ***Corporate:*** activities and expenditure with the immediate purpose of supporting the operation of departments and agencies.
* ***Program Enabling Support (PES):*** activities and expenditure required to support the delivery of programs but does not directly benefit the Victorian community.
* ***WoVG Capability***: functions which do not strictly support a program, but rather the basic operation of Government (mostly relevant to DPC, DTF and DGS).
* ***Grant Administration***: activities or expenditure directly related to supporting the delivery of a grant program(s).
* ***Departmental Activities and Operations:*** this is not a distinct functional category but an umbrella term comprising the corporate, PES, WoVG capability, and grant administration categories. This classification will be used for aggregating all non-programmatic departmental operating costs.

The short form business case (Attachment D) contains a free text box beneath the budget impact funding table. This can be used by departments to provide any additional information that can help to support the request for Departmental Activities and Operations funding that is not found elsewhere in the template. For example, it might explain the request to provide a regulatory function within the department without which the service delivery (programmatic) component of the initiative would not be possible.

* 1. Guidance for the completion of costing templates

To enable the collection of program budgeting data, two additional columns have been added to the costing templates. For each output cost, select the relevant functional category from a dropdown list in the *PB Functional category* column.

In the *Program/WoVG Capability name* column, departments should include the names of any impacted programs as per their agreed departmental program structure. Program areas should refer to the [Program Budgeting SharePoint Hub](https://vicgov.sharepoint.com/sites/DTFPBHub) for access to their department’s program structure which contains a list of program/WoVG capability names for their department.

Once complete, the contents of the summary table in the Summary worksheet can be pasted into Table 6.2 of the short form business case template.

For more information and further guidance about program budgeting, please refer to the Program Budgeting Transitional Guidance at https://www.dtf.vic.gov.au/planning-budgeting-and-financial-reporting-frameworks/dtf-information-requests/program-budgeting or via the [Program Budgeting SharePoint Hub.](https://vicgov.sharepoint.com/sites/DTFPBHub)

For any questions about program budgeting and its requirements in the budget submission process, please contact: program.budgeting@dtf.vic.gov.au

1. Gender Impact Assessments

### How to determine whether a GIA is required

The *Gender Equality Act 2020* requires a GIA to be completed for initiatives that directly and significantly impact the public. Any submission lodged for BFC consideration is considered to have a significant impact.

Government can also influence gender equality through initiatives that impact on public sector workforces. As the Gender Equality Act requires organisations to complete a Gender Equality Action Plan (GEAP) in relation to their workforce, this analysis may be used in place of a GIA for initiatives that are actions arising from the GEAP. Please note: many employees of the Victorian Government are not covered by a GEAP (e.g. teachers, nurses). For initiatives that support these employees, a GIA should be completed.

To assist business case writers, this has been linked to the Program Budgeting functional categories.

|  |  |
| --- | --- |
| Program Budgeting functional category | GIA requirement for budget |
| Program | GIA required unless gender impacts have already been assessed with a GEAP |
| Corporate | GIA not required, but can be valuable |
| Program Enabling Support (PES) | GIA required |
| WoVG Capability | GIA required |
| Grant Administration | GIA required |

While Program Budgeting does not apply to asset funding, the same principles should apply when it comes to the need for a GIA.

Intersectional analysis, or consideration of compounding intersections of disadvantage (including Aboriginality, age, disability, ethnicity, gender identity, race, religion, sexual orientation) is an important element of GIAs.

### How to undertake a GIA

Templates and guidance materials to help you undertake a GIA are available at: <https://www.genderequalitycommission.vic.gov.au/gender-impact-assessment-toolkit>

There are four key steps to undertaking a GIA:

1. Consider how gender shapes the initiative - challenge assumptions you may have about whether your proposal affects people of different genders differently
2. Understand your context - collect data to understand how gender shapes the policy context
3. Options analysis - consider alternative options for proposed initiative
4. Make recommendations - select the most cost beneficial options that adapt to gendered differences in the design of the initiative (noting that the cost-benefit analysis should consider gendered cost-benefits in addition to financial considerations)

For further assistance, please contact the Gender Responsive Budgeting team at genderresponsivebudgeting@dtf.vic.gov.au.

### Determining the gender impact of proposed initiatives

The business case template asks you to determine whether the gender impact of the proposed initiative (and each component) is positive, negative, neutral, or unknown.

**Positive**

* The proposal directly addresses gender inequality and will reduce inequalities,
* The proposal will achieve cultural change that supports gender equality and addresses gendered stereotypes, or
* The proposal actively adapts the proposed solution to better meet the needs of people of different genders and other intersections of disadvantage, supported by a gendered analysis and data.

Note that for this definition, proposals that aim to address particular needs of men that arise from or are impacted by gender inequality (e.g. a different willingness to access mental health support due to societal expectations and stereotypes) can also be considered to have a positive gender impact, even though it is targeting men rather than women.

**Negative**

* Gender impacts were either not considered or not addressed, meaning the proposal is likely to continue to entrench existing difference and/or disadvantage, or
* The proposal will continue or worsen gender gaps in access, participation or outcomes, or reinforce gender stereotypes.

**Neutral**

* Gender impact analysis was not required due to the policy not having an impact on the public (e.g. a purely internal departmental focussed proposal/Corporate Program Budgeting category). This is expected to apply to a very small number of proposals, or
* The overall impact is neutral as the positive and negative impacts balance each other out or there is genuinely no differential impact on people of different genders. This raising should only be used when evidence is provided to demonstrate there is no impact on gender equality.

**Unknown**

* Available data is insufficient to enable the gender impact to be assessed.

1. Climate Action Assessment

The Climate Action Assessment process will gather information on the potential climate action impacts of Government policies and processes brought forward for annual budget considerations. All business cases must include an attached **Climate Action Screening and Assessment Template.**

There are two sections to this template:

* A Climate Action Screening (section 1 of the Template) that must be filled for all initiatives. This section determines if an initiative is likely to have a material impact on Victoria’s climate action goals, and
* A Climate Action Assessment (section 2 of the template) that must be filled in only for initiatives that are identified in section 1 as likely to have a material impact on Victoria’s climate action goals.

The Climate Action Screening and Assessment Template is at Attachment G.

Climate Action Assessment Guidelines are available to provide assistance filling out the Climate Action Screening and Assessment Template, as well as providing further information on Victoria’s climate action goals and legislation. The Guidelines are available at Attachment H.

For further information regarding the Climate Action Assessment process, please contact climate.change@delwp.vic.gov.au

1. Other guidance

**Changing people’s behaviour**

The DPC Behavioural Insights Unit (BIU) should be engaged on submissions that will require behaviour change for the initiative to be successful. Examples of behaviour include take up of programs, grants or licenses, timely payments, reduction in program behaviours, attraction and recruitment to public sector jobs, and attendance at services such as hospitals, courts or tourism activities.

The BIU can provide advice on initiative, service or communications design, and/or program effectiveness evaluation methods.

Please contact behavioural.insights@dpc.vic.gov.au for more information.

**Infrastructure procurement (assets only)**

For major capital investments, Departments are required to incorporate a procurement strategy into a business case as selection of the right procurement approach can be a powerful driver of project success.

In September 2023, guidance on preparing a procurement strategy contained within the *Procurement Strategy Technical Supplement to the Business Case Investment Lifecycle and HVHR Guideline* was replaced with new and modern guidance within the updated *Procurement Investment Lifecycle Guideline* which can be found at: <https://www.dtf.vic.gov.au/investment-lifecycle-and-high-value-high-risk-guidelines/procurement>

The updated *Procurement Investment Lifecycle Guideline* contains new and modern best practice guidance on how to select the optional procurement model and project structuring, bundling and packaging approach when preparing a business case.

For more information please contract: infrastructure.delivery@dtf.vic.gov.au.

**Digital strategy**

Digital Victoria 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 at Digital Victoria for more information.

**Capital project owner costs (asset only)**

To improve the transparency of costs associated with capital project delivery additional detail is required in the business case costing tables.

A detailed breakdown of project owner costs is required to be completed for all infrastructure projects or programs, with consistent application against the assigned cost categories that have been provided, to allow comparison across portfolios and individual funding proposals. Project owner costs typically exclude the cost of purchasing land, construction costs, associated minor works and private operator payments.

**Land acquisition and surplus land identification (asset only)**

As a key enabler of infrastructure projects, early land identification and assessment is important facilitate timely delivery. The business case requires sufficient detail of land purchase needs and an assessment of the risks, requirements, and timelines to achieve them.

The business case also needs to include details of each property that is expected to become surplus if the initiative is approved. For example, funding is provided to build a new school, which results in an existing school being closed two years later. In cases such as this, the Victorian Government Landholding Policy and Guidelines requires the existing site(s) to be declared surplus to facilitate its timely sale. The sale price of a property should be based on book value, valuation or an estimate of value provided by the Valuer-General Victoria.

Land acquisition:

* Provide details of the land needs (e.g. location, size),
* Provide details of the land acquisition strategy, including whether suitable land has already been identified, estimated timelines and processes to acquire and take possession of the land, who will undertake the acquisition, identified risks and mitigation actions
* The Department should consult with DTP Land and Property in developing the Land Acquisition Strategy

Surplus Land identification:

* Include the address, value and estimated year of sale of each property that is expected to become surplus if the initiative is approved in Table 12 below,
* Ensure these figures are also included in Table 13 in section 9.2 under “Offsets from other sources“.
* The Department should consult with DTP Land and Property to confirm these details.

**Capital project escalation rates model (asset only)**

Additional guidance on escalation rate forecasts is available for the development of new infrastructure project business cases and costings.

Project type specific escalation rates are available for all forms of transport projects, as well as justice, culture sport and communities, social housing, hospitals, schools and energy and renewables.

The latest version of the forecasts are based on the September quarter Producer Price Indices and have been updated since those previously circulated by the Office of Projects Victoria to departments and delivery agencies for us.

A copy of the latest escalation rate forecasts and accompanying model can be requested from Jamie Jacob (Jamie.jacob@dtf.gov.au) and Leif Smith (Leif.smith@dtf.gov.au).

1. This does not include Court Services Victoria [↑](#footnote-ref-2)