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| Mausoleum construction finance model user guide |
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# Introduction

The Mausoleum construction finance model has been designed to assist cemetery trusts in assessing the financial aspects of a public mausoleum construction plan. It can be downloaded from the [health.vic website](https://www2.health.vic.gov.au/public-health/cemeteries-and-crematoria/land-and-development/establishing-a-mausoleum) <https://www2.health.vic.gov.au/public-health/cemeteries-and-crematoria/land-and-development/establishing-a-mausoleum>. This document is a step-by-step guide to using the mausoleum construction finance model. It is to be read in conjunction with the Mausoleum establishment and construction guidelines.

If a mausoleum is being built in stages, complete the model for each stage proposed.

The finance model has been designed in an Excel workbook. It requires the user to enter data into two worksheets: the variable inputs sheet and the revenue cost sheet. The areas that need to be completed are shaded in grey. The model has been designed with warnings in place to highlight any shortfalls or problems that may prevent the project from proceeding. All items in these two worksheets are discussed below.

# Variable inputs sheet

## Section A: Key inputs

There are six fields to complete, which are shaded in grey.

### Estimated number of years from project commencement until all crypts are sold

* Enter whole numbers only, to a maximum of a 15-year project duration.
* If the project duration includes a partial year, round up to a whole number. For example, if a project is to run for four years and one month enter the duration of the project as five years.

### The 15-year Australian Government bond yield (per cent)

* Enter the current 15-year Australian Government bond yield (also known as the ‘coupon’). Current yields can be obtained from the [Bloomberg website](http://www.bloomberg.com/markets/rates-bonds/government-bonds/australia) <www.bloomberg.com/markets/rates-bonds/government-bonds/australia>.

### Inflation rate (per cent)

* The current inflation rate can be obtained from the [Reserve Bank of Australia website](http://www.rba.gov.au) <www.rba.gov.au>.

### Allowance for variation in costs (per cent)

* Enter a cost variation buffer.
* The department’s recommended buffer is 15 per cent.
* If your buffer is above or below 15 per cent, please provide an explanation with your application.

### Return for effort (per cent)

* Enter an appropriate rate of return.
* The department’s recommended rate of return is five per cent.
* If your rate of return is above or below five per cent, please provide an explanation with your application.

### Bank fees (annual)

* Include any bank fees that may accrue to the account holding the maintenance funds.
* This field can be left as $0 if you wish.

## Section B: Project summary

This section lists three key project indicators and is automatically populated with information contained elsewhere within the model. There are no fields to manually complete in this section.

# Revenue cost sheet

## Section A: Revenue/cost estimates

The areas that need to be completed are shaded in grey.

### Income

* Enter all projected sales figures over the entire project length.
* Enter any other revenue streams that are relevant to the project in the grey areas.

### Expenditure

* Enter the quoted construction costs.
* The subsection entitled ‘Construction funds’ determines whether the trust has sufficient funds to complete construction. Enter all the contributing items. If these items do not balance the model will provide a warning.
* The trust may be committing its own funds to the construction. This allocation can be entered in the field entitled ‘Trust fund reserves – construction’.
* There is space to enter any additional construction costs.
* Minimum perpetual maintenance is automatically calculated and is based on total construction costs, the bond rate and the inflation rate. These funds are to be set aside and used to fund maintenance costs on the mausoleum for 100 years.

### Other costs

* Enter all costs not related to construction.
* There is space to enter other costs that have not already been specified.

### Total costs

* Total costs are calculated by adding all the previously identified cost items.
* Return for effort is calculated as the final addition to the cost.
* No manual input is required here.

### Estimated profit

* The estimated profit is automatically calculated by subtracting total costs and return for effort from total revenue.
* No manual input is required here.

## Section B: Return on investment

This section assesses the financial viability of the project. It compares the project returns to the market-based risk-free rate of return (the long-term Australian Government bond rate).

This section is automatically populated with information contained elsewhere within the model. There are no fields to complete in this section. Below are descriptions of each subsection.

### Risk-adjusted rate of return (per cent)

* This yellow box provides the risk-adjusted rate of return used for the calculations in the next three tables. It is automatically calculated.

### Risk-free return over x years

* This subsection details the return on investment if the total project funds (less deposits) were invested in risk-free bonds.

### Risk-adjusted rate of return over x years

* This subsection details the return on investment if the total project funds (less deposits) were invested in risk-free bonds with an additional risk premium.

### Return on investment over x-year project

* This subsection details the return on investment of the project. The project return must be greater than the return on risk-free bonds with a risk premium, which is determined in the subsection ‘Risk-adjusted rate of return over x years’.

# Lodgement

Once all the information has been satisfactorily completed, the trust should forward both a printed and an electronic copy of the workbook, along with any relevant supporting documentation, to the department at the address below. The department will undertake further assessment of the proposal.

Email: cemeteries@health.vic.gov.au

Post: Cemetery Sector Governance Support Unit
Department of Health
GPO Box 4057
MELBOURNE VIC 3001

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| To receive this document in another format, phone 1800 034 280, using the National Relay Service 13 36 77 if required, or email the Cemetery Sector Governance Support Unit <cemeteries@health.vic.gov.au>.Authorised and published by the Victorian Government, 1 Treasury Place, Melbourne.© State of Victoria, Australia, Department of Health, July 2021.ISBN 978-1-76069-374-9 (pdf/online/MS word) Available at [health.vic](https://www2.health.vic.gov.au/public-health/cemeteries-and-crematoria/land-and-development/establishing-a-mausoleum) <https://www2.health.vic.gov.au/public-health/cemeteries-and-crematoria/land-and-development/establishing-a-mausoleum> |