

## PLANNING SYSTEM

Policy, Planning Systems and Reform

<b>Circular</b>	PS13-002
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<b>Related</b>	PS10-008

# Calculating the genuine estimated cost of development

This circular is to advise consent authorities, applicants and the community what costs associated with a development proposal are to be considered when calculating or providing genuine estimated costs of works under the *Environmental Planning and Assessment Regulation 2000* when charging development application fees.

## Introduction

Following an investigation, the Independent Commission Against Corruption recommended the NSW Department of Planning and Infrastructure issue a guideline that specifies what matters should be taken into consideration when calculating development application fees.

The purpose of this circular is to ensure greater consistency and reduce disputes about fees for development applications.

This circular applies to development application fees under Part 4 of the *Environmental Planning and Assessment Act 1979*, other than State significant development. It does not apply to the calculation of fees for complying development certificates, construction certificates or section 94A levies.

## Why are cost estimates required?

Development application (DA) fees are calculated by having regard to, among other things, the estimated cost of development.

Other fixed fees may also apply - for matters such as notification, external referrals, builders' long service leave levy and additional fees for designated development - however, these do not apply to every application and are not the focus of this circular.

It is important to note that capital investment value (CIV) - a threshold used in relation to development that is of state or regional significance - does not apply for the purpose of calculating an application fee for a Part 4 DA. For more information on CIV, refer to Planning Circular PS10-008.

## How are the fees for DAs calculated?

Clause 246B of the *Environmental Planning and Assessment Regulation 2000* (the Regulation) sets out how DA fees are calculated. That clause includes a table which specifies maximum fees for erecting buildings, carrying out works, and demolition. The maximum fee is based on the estimated cost of the proposed work(s).

The consent authority must determine the fee having regard to the genuine estimate of the cost provided by the applicant on the DA form. Clause 255 of the Regulation provides that the estimated cost is the estimated cost indicated in the DA unless the consent authority is satisfied that the cost indicated in the DA is neither genuine nor accurate.

It should be noted that the table in clause 246B specifies a maximum fee. The consent authority retains discretion whether to impose the maximum fee in the particular circumstances of the case.

## Who should estimate the costs of development prior to lodgement?

It is recommended that:

- for development up to \$100,000, the estimated cost be estimated by the applicant or a suitably qualified person<sup>1</sup>, with the methodology used to calculate that cost submitted with the DA.
- for development between \$100,000 and \$3 million, a suitably qualified person should

<sup>1</sup> A suitably qualified person is: a builder who is licensed to undertake the proposed works, a registered architect, a qualified and accredited building designer, a registered quantity surveyor or a person who is licensed and has the relevant qualifications and proven experience in costing of development works at least to a similar scale and type as is proposed.

prepare the cost estimate and submit it, along with the methodology, with the DA.

- for development more than \$3 million, a detailed cost report prepared by a registered quantity surveyor verifying the cost of the development should be submitted with the DA.

### What work is to be included in calculating a cost estimate?

Clause 255 of the Regulation specifies how the consent authority must make its determination about what fee is payable.

The consent authority must make its determination by reference to certain costs for certain types of development:

- For development involving erecting a building, the consent authority must consider:
  - the costs associated with constructing the building, and
  - the costs associated with preparing the building for the purpose for which it is to be used (such as the costs of plant, fittings, fixtures and equipment<sup>2</sup>.)
- For development involving carrying out a work the consent authority must consider the construction costs of the work
- For development involving demolition, the consent authority must consider the costs of demolition

If two or more fees are applicable to a single DA (such as an application to subdivide land and erect a building on one or more lots created by the subdivision), the maximum fee payable for the development is the sum of those fees (clause 254).

### Information to be provided as the basis for estimating costs

Schedule 1 of the Regulation specifies the information and documentation that is to accompany a DA. This includes the estimated cost of the development and a sketch of the development (see Schedule 1, Part 1 (1) (h) and (2) (1) (b) of the Regulation).

The sketch of the development should include, among other things, floor plans indicating an estimate of the gross floor area of the development (in square metres). The floor plans should also provide gross floor areas for each component of the development, including the floor areas of any decks, garages, driveways, retaining walls, landscaping and the like.

The estimated cost may be calculated based on:

1. a detailed estimate of cost based on individual components (**Attachment A - Table 1**), or
2. floor space estimates of construction and fit out (**Attachment A - Table 2**)

<sup>2</sup> This includes the cost of the elements or items and the cost of installation.

Tables 1 and 2 in Attachment A provide examples of the information to be provided with a DA. These may be adapted by the consent authority taking into consideration location specific costs and development types.

### Maximum fee—subdivision of land

Cost estimates do not apply to development involving subdividing land. Under clause 249, the maximum DA fee payable for development involving subdividing land is calculated as follows:

- subdivision (other than strata subdivision):
  - involving the opening of a public road, \$665, plus \$65 for each additional lot created by the subdivision, or
  - not involving the opening of a public road, \$330, plus \$53 for each additional lot created by the subdivision,
- strata subdivision, \$330, plus \$65 for each additional lot created by the subdivision.

For the purpose of determining fees, subdividing land refers to plans of subdivision and does not include subdivision work. Subdivision work is estimated in the same manner as for other development involving carrying out a work.

### Reviewing the estimated cost of development

The consent authority must accept the estimate of cost submitted with the DA unless it is satisfied that the estimate is neither genuine nor accurate.<sup>3</sup>

Please note that a person is guilty of an offence if the person makes any statement, knowing it to be false or misleading in an important respect, in or in connection with any document lodged with the Director-General or a consent authority or certifying authority for the purposes of the Act or the Regulation (cl.283 of the Regulation).

If the estimate provided is not considered genuine or accurate, the consent authority should check the appropriate floor area of the proposed development and multiply it by the unit cost for the component. If a proposed development includes decks, garages, driveways, retaining walls, landscaping and the like, they should be separately estimated and added to the total cost estimate. This will give an estimated cost for the purpose of determining the fee.

The consent authority should determine a measure for acceptable cost variation. For example, if the estimated cost of the development is within 10 per cent of the cost calculated by the consent authority, the stated estimate in the DA should be accepted. If the DA cost variation is more than 10 per cent, the consent authority may require the applicant to engage an independent quantity surveyor to review the cost estimates or the consent authority may undertake its own estimation.

<sup>3</sup> Clause 255 (2) EP&A Regulation 2000

Applicants and consent authorities should note that the estimated cost of development is intended to reflect the 'market cost' of building materials and labour involved in carrying out the development and may not accurately reflect the actual cost. This cost could be higher than the estimate if certain materials or products are unavailable. Similarly, the cost could be less than the estimate if the proponent uses cheaper materials or is able to source free labour.

### **Resources for estimating the cost of works**

It is recommended that the consent authority adopt a table of development costs. A template is provided at **Attachment B**. This could be made available on the relevant consent authority's website or attached to the DA form. The table should guide applicants and consent authorities in estimating the cost of work for the purposes of determining development application fees.

To determine appropriate cost rates for inclusion in a consent authority's table, references should be made to reliable cost indicators.

The Australian Institute of Quantity Surveyors provides technical guidance on estimating costs and methods of measurement in the Australian Cost Management Manuals. Private companies also periodically produce construction cost guides and software.

It should be noted that costs will vary depending on location and will also need to be updated on a regular basis to reflect changes in building costs over time.

### **Further Information**

For further information please contact the Department of Planning & Infrastructure's information centre on 1300 305 695.

Department of Planning & Infrastructure circulars are available from <http://www.planning.nsw.gov.au/circulars>

### **Authorised by:**

**Sam Haddad**  
**Director-General**

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**Important note:** This circular does not constitute legal advice. Users are advised to seek professional advice and refer to the relevant legislation, as necessary, before taking action in relation to any matters covered by this circular.

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**ATTACHMENT A****ESTIMATED COST OF WORKS***(Model table - to be adapted by the consent authority)*

The genuine cost of the development proposed in a development application should include costs based on industry recognised prices, including cost for materials and labour for construction and/or demolition and GST. If the estimate is understated, the figure will need to be adjusted. Additional application fees may then be incurred.

Various commercial entities publish building and construction cost guides/calculators which can be referenced. The Australian Institute of Quantity Surveyors provides technical guidance on estimating costs and methods of measurement in the Australian Cost Management Manuals.

**1. GENERAL PROJECT INFORMATION**

<b>DEVELOPMENT APPLICATION</b>		
<b>APPLICANT'S NAME</b>		
<b>APPLICANT'S ADDRESS</b>		
<b>REFERENCE/ DA/CC number</b>		
<b>DATE:</b>		
<b>DEVELOPMENT NAME</b>		
<b>DEVELOPMENT ADDRESS</b>		
<b>DESCRIPTION OF WORKS</b>		
<b>TOTAL SITE AREA</b>	Gross floor area (commercial)	m <sup>2</sup>
	Gross floor area (residential)	m <sup>2</sup>
	Gross floor area (retail)	m <sup>2</sup>
	Gross floor area (industrial)	m <sup>2</sup>
	Gross floor area (other)	m <sup>2</sup>
<b>PARKING</b>	Gross floor area (parking)	m <sup>2</sup>
	Number of parking spaces	
<b>DEMOLITION WORKS</b>		m <sup>2</sup>
<b>OTHER WORKS</b>		

**2. ESTIMATED COST OF WORKS**

Please attach either Table 1 or Table 2 below. If the development is over \$3,000,000, a detailed cost report prepared by the registered quantity surveyor should be attached verifying the cost of the development.

**3. CERTIFICATION OF THE ESTIMATED COST OF WORKS**

I certify that:

- I have provided the estimated costs of the proposed development and that those costs are based on industry recognised prices; and
- the estimated costs have been prepared having regard to the matters set out in clause 255 of the *Environmental Planning and Assessment Regulation 2000*

**Signed:**

**Name:**

**Position:**

**Contact Number:**

**Contact Address:**

**Date:**

**Table 1: ESTIMATED COST OF WORKS - BASED ON WORKS COMPONENTS**

*(Model table - to be adapted by the consent authority)*

<b>Cost (applicant's genuine estimate)</b>	
Demolition works (including cost of removal from site and disposal)	\$
Site preparation (e.g. clearing vegetation, decontamination or remediation)	\$
Excavation or dredging including shoring, tanking, filling and waterproofing	\$
Preliminaries (e.g. scaffolding, hoarding, fencing, site sheds, delivery of materials, waste management)	\$
Building construction and engineering costs <ul style="list-style-type: none"> <li>▪ concrete, brickwork, plastering</li> <li>▪ steelwork/metal works</li> <li>▪ carpentry/joinery</li> <li>▪ windows and doors</li> <li>▪ roofing</li> </ul>	\$
Internal services (e.g. plumbing, electrics, air conditioning, mechanical, fire protection, plant, lifts)	\$
Internal fit out (e.g. flooring, wall finishing, fittings, fixtures, bathrooms, and equipment)	\$
Other structures (e.g. landscaping, retaining walls, driveways, parking, boating facilities, loading area, pools)	\$
External services (e.g. gas, telecommunications, water, sewerage, drains, electricity to mains)	\$
Professional fees (e.g. architects and consultant fees, excluding fees associated with non-construction components)	\$
Other (specify)	\$
Parking / garaging area	\$
GST	\$
<b>TOTAL</b>	<b>\$</b>

**OR**

**Table 2: ESTIMATED COST OF WORKS - BASED ON FLOOR SPACE ESTIMATES**

*(Model table - to be adapted by the Consent Authority)*

			Costs
PROFESSIONAL FEES	% of construction cost	%	\$
	% of development cost	%	
	total cost		
DEMOLITION & SITE PREPARATION	x/m <sup>2</sup> of site area	\$	\$
	total construction cost		
EXCAVATION	x/m <sup>2</sup> of site area	\$	\$
	volume of material removed		
	total construction cost		
CONSTRUCTION Commercial	x/m <sup>2</sup> of commercial area	\$	\$
	total construction cost		
CONSTRUCTION Residential	x/m <sup>2</sup> of residential area	\$	\$
	total construction cost		
CONSTRUCTION Retail	x/m <sup>2</sup> of retail area	\$	\$
	total construction cost		
CONSTRUCTION Industrial	x/m <sup>2</sup> of commercial area	\$	\$
	total construction cost		
CONSTRUCTION other	x/m <sup>2</sup> of commercial area	\$	\$
	total construction cost		
FITOUT Commercial	x/m <sup>2</sup> of commercial area	\$	\$
	total construction cost		
FITOUT Residential	x/m <sup>2</sup> of residential area	\$	\$
	total construction cost		
FITOUT Retail	x/m <sup>2</sup> of retail area	\$	\$
	total construction cost		
FITOUT Industrial	x/m <sup>2</sup> of industrial area	\$	\$
	total construction cost		
FITOUT Other	x/m <sup>2</sup> of retail area	\$	\$
	total construction cost		
CARPARK	x per space	\$	\$
	x/m <sup>2</sup> of parking area	\$	
	total construction cost		
<b>TOTAL CONSTRUCTION COST</b>			<b>\$</b>
<b>TOTAL GST</b>			<b>\$</b>
<b>TOTAL DEVELOPMENT COST</b>			<b>\$</b>

**ATTACHMENT B**

**EXAMPLE OF INDICATIVE WORKS FOR DEVELOPMENT AND CONSTRUCTION PROPOSALS**

*(Table to be adapted by the consent authority)*

	Type	Rate by m <sup>2</sup> floor area or as indicated
<b>RESIDENTIAL DEVELOPMENT</b>		
<b>Multi Residential Housing</b>		
Townhouse		\$ x/ m <sup>2</sup>
Villas		\$ x/ m <sup>2</sup>
Undercover Parking	Ground floor	\$ x per space
<b>Dwellings</b>		
Small Lot Housing	1 storey	\$ x/ m <sup>2</sup>
Dual Occupancy	1 & 2 storey	\$ x/ m <sup>2</sup>
Project Home	1 & 2 storey	\$ x/ m <sup>2</sup>
Architectural Design	1 storey	\$ x/ m <sup>2</sup>
Architectural Design	More than 1 storey	\$ x/ m <sup>2</sup>
Additions	Ground floor – Timber	\$ x/ m <sup>2</sup>
Additions	Ground floor – Brick Veneer	\$ x/ m <sup>2</sup>
Additions	First floor	\$ x/ m <sup>2</sup>
<b>Decks /Pergolas</b>		
Deck	Unroofed	\$ x/ m <sup>2</sup>
Deck	Roofed	\$ x/ m <sup>2</sup>
Pergola	Unroofed	\$ x/ m <sup>2</sup>
<b>Garages</b>		
Garages	Metal (kit)	\$ x/ m <sup>2</sup>
Garages	Cladded timber frame	\$ x/ m <sup>2</sup>
Garages	Brick	\$ x/ m <sup>2</sup>
<b>Carports</b>		
Carports	No new slab	\$ x/ m <sup>2</sup>
Carports	New slab	\$ x/ m <sup>2</sup>
<b>Retaining Walls</b>		
Retaining Walls	Brick (1m high)	\$x/ linear metre
Retaining Walls	Block/treated pine (1m high)	\$x/ linear metre
<b>Front Fence</b>		
Front Fence	Face brick with inserted panels	\$ x/ linear metre
Front Fence	Brushwood 1.8m high	\$ x/ linear metre
Front Fence	Pool type 1.5m high	\$ x/ linear metre
Front Fence	Colorbond 1.8m high	\$ x/linear metre
<b>Pools</b>		
In Ground Pool <40 m <sup>2</sup>	Concrete	\$ x complete
In Ground Pool <40 m <sup>2</sup>	Fibreglass	\$ x complete
Above Ground Pool <40 m <sup>2</sup>	Vinyl	\$ x complete
<b>COMMERCIAL &amp; INDUSTRIAL</b>		
Offices	1-3 storeys	\$ x/ m <sup>2</sup>
Offices	4+ storeys	\$ x/ m <sup>2</sup>
Shops		\$ x/ m <sup>2</sup>
Supermarkets		\$ x/ m <sup>2</sup>
Department Stores		\$ x/ m <sup>2</sup>
Shopping Complex		\$ x/ m <sup>2</sup>
Cinemas		\$ x per seat
Service Stations		\$ x/ m <sup>2</sup>
<b>Parking Areas</b>		
Car park	Open (bitumen)	\$ x/m <sup>2</sup>
Car park	Undercover (no ventilation)	\$ x per space
Car park	Undercover (ventilated)	\$ x per space
<b>Hotels, Motels, Clubs</b>		
Hotel/Motel/Club	1 & 2 storey	\$ x/ m <sup>2</sup>
Hotel/Motel/Club	3 + storeys	\$ x/ m <sup>2</sup>
<b>Health Care Building</b>		
Hospital	1 storey	\$ x/ m <sup>2</sup>
Hospital	Multi storey	\$ x/ m <sup>2</sup>
Medical Centre	1 storey	\$ x/ m <sup>2</sup>
Nursing Home	1 storey	\$ x/ m <sup>2</sup>

<b>Education Facility</b>		
Primary/High School		\$ x/ m <sup>2</sup>
Technical College		\$ x/ m <sup>2</sup>
<b>Industrial</b>		
Factory/Warehouse	Precast concrete <1000m <sup>2</sup>	\$ x/ m <sup>2</sup>
Factory/Warehouse	Precast concrete >2000m <sup>2</sup>	\$ x/ m <sup>2</sup>
Factory/Warehouse	Metal Walls <1000m <sup>2</sup>	\$ x/ m <sup>2</sup>
Factory/Warehouse	Metal Walls > 1000m <sup>2</sup>	\$ x/ m <sup>2</sup>