

Development This document provides advice taken from the NSW Department of Planning, Industry and Environment *Planning Circular PS 21-022* which has been adopted by Murray River Council on calculating the cost of development for the purpose of determining Development Application fees.

Introduction

The purpose of this document is to specify what matters should be taken into consideration when calculating Development Application (DA) fees, to ensure greater consistency and reduce fee disputes.

This circular applies to DA fees for development 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 7.12 levies.

Why are cost estimates required?

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 document.

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 NSW Planning Circular PS 21-020.

How are the fees for DAs calculated?

Section 246B of the *Environmental Planning and Assessment Regulation 2000* (the Regulation) sets out

how DA fees are calculated. That section 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 (Murray River Council) must determine the fee having regard to a genuine estimate of cost as provided by the applicant on the DA form. Section 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 Section 246B specifies a maximum fee. The consent authority retains discretion whether to impose the maximum fee in the particular circumstances of the case.

Who is to estimate the costs of development prior to lodgement?

The following must be adhered to:

- for development up to \$100,000, the estimated cost can be estimated by the applicant or a suitably qualified person¹, with the methodology used to calculate that cost submitted with the DA.
- for development between \$100,000 and \$3 million, a suitably qualified person must 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

¹ 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.

surveyor verifying the cost of the development must be submitted with the DA.

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

Section 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 equipment²)
- 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 (see Section 254 of the Regulation).

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 a sketch of the development (see Schedule 1, Part (2)(1)(b) of the Regulation).

The sketch of the development must include, among other things, floor plans indicating an estimate of the gross floor area of the development (in square metres). The floor plans must 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.

Maximum fee—subdivision of land

Cost estimates do not apply to development involving subdividing land. Under Section 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

Murray River Council will accept the estimate of cost submitted with the DA unless it is satisfied that the estimate is neither genuine nor accurate as per Section 255 of the Regulation).

If the estimate provided is not considered genuine or accurate, Council may 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.

Council may 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 Council, the stated estimate in the DA should be accepted. If the DA cost variation is more than 10 per cent, the Council may require the applicant to engage an independent quantity surveyor to review the cost estimate or the Council may undertake its own estimation.

Applicants are to 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.

² this includes the cost of the elements or items and the cost of installation.

ESTIMATED COST OF WORKS

The genuine cost of the development proposed in a development application must include costs based on industry recognised prices, including cost for materials and labour for construction and/or demolition and GST (regardless if materials have previously been purchased or stored on site). Council uses building cost indicators contained within Cordell's Housing Building Cost Guide by Reed Construction Data. If the estimate is understated, the figure will be required to be adjusted. Additional application fees may then be incurred. It is further noted any retrospective application (use of existing development constructed without required development consent) is required to provide a genuine estimated cost of works based off current prices.

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

APPLICANT'S NAME		
APPLICANT'S ADDRESS		
DATE:		
DEVELOPMENT ADDRESS		
DESCRIPTION OF WORKS		
		m²
TOTAL SITE AREA	Gross floor area (commercial)	
	Gross floor area (residential)	
	Gross floor area) (retail)	
	Gross floor area) (industrial)	
	Gross floor area) (other)	
PARKING	Gross floor area (parking)	
	Number of parking spaces	
DEMOLITION WORKS		
OTHER WORKS		

2. 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 Section 255 of the *Environmental Planning and Assessment Regulation 2000*.

Signed:

Contact Number:

Name:

Contact Address:

Position:

Date:

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

Cost (applicant's genuine estimate)	
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"> ▪ concrete, brickwork, plastering ▪ steelwork/metal works ▪ carpentry/joinery ▪ windows and doors ▪ roofing 	\$
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, swimming 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	\$
TOTAL	\$