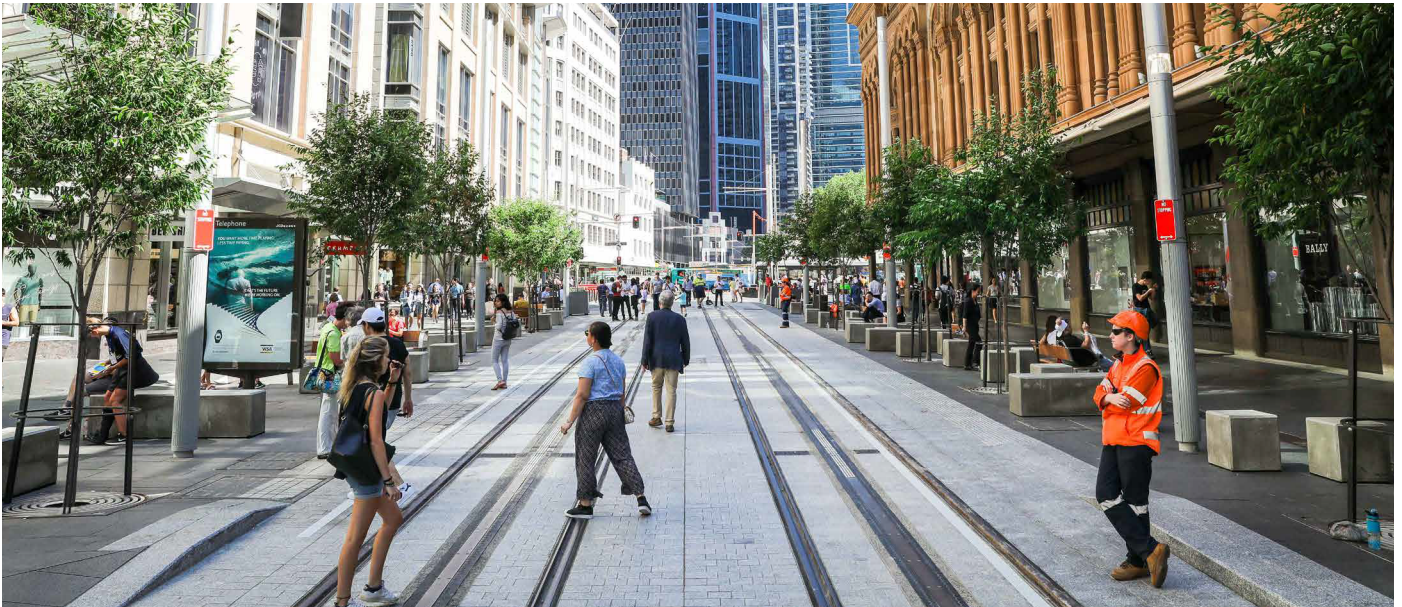




Guidance on estimating the cost of works for s7.12 development contributions

September 2022



City Light Rail along George Street, Sydney

This Guidance is to assist applicants demonstrate their proposed cost of development for the purposes of calculating s7.12 development contributions. It applies to Development Applications (DAs), Construction Certificates (CCs) and Complying Development Certificates (CDCs).

The Central Sydney Development Contributions Plan 2020 allows the City of Sydney Council (the City) to levy a monetary contribution on new development. This levy funds local infrastructure for growing resident, visitor and worker populations. The contribution is calculated using the proposed cost of carrying out the development and the corresponding levy rate. It is the City's role to determine the development cost for the purpose of s7.12 contributions.

1 Information to be provided by applicant

It is important that applicants provide accurate information to the City for us to calculate the proposed cost of carrying out development and contributions payable. The following information must be provided:

- **a cost summary report** – this sets out all the costs and expenses that have or will be incurred by the applicant to carry out the development (see **section 2**);
- **plans** – copies of plans accompanying the construction certificate/subdivision works certificate or complying development certificate; and
- **claimed exclusions** – in instances where an applicant seeks to exclude certain costs and expenses from the development cost, the City will require the applicant to provide evidence in relation to the proposed exclusion (see **section 3**).

2 Cost summary reports

Applicants must use the template cost summary reports prepared by the City.

Developments where the cost of the proposed development is over \$3,000,000

The City will require a cost summary report to be completed by a quantity surveyor registered with the Australian Institute of Quantity Surveyors (or a person who can demonstrate an equivalent qualification) for developments where the overall cost of the proposed development is over \$3 million. The cost summary report should reflect the estimated cost of works at the time of submission of the report. Claimed exclusions must also be addressed in the report.

The City will use the information provided in the cost summary report, plans and any supporting evidence to determine the proposed cost of carrying out the development and the amount of monetary contribution payable.

Developments where the cost of the proposed development is between \$250,000 and \$3,000,000

The City requires a cost summary report to be completed by a suitably qualified person for developments where the cost of the proposed development is between \$250,000 and \$3,000,000 (inclusive). The cost summary report should reflect the estimated cost of works at the time of submission of the report. Claimed exclusions must also be addressed in the report.

The following persons are recognised as having suitable qualifications and experience to complete the cost summary report:

1. a practising builder who is licensed to undertake the proposed building works, or
2. a practising registered quantity surveyor (member, affiliate or fellow), or
3. a practising registered architect, or
4. a practising qualified building estimator with relevant qualifications (eg. degree in construction management), or
5. a practising qualified and accredited building designer, or
6. a project manager who has proven experience in costing development works at least to a similar scale and type as proposed, or
7. a practising tradesperson who is licensed with the Department of Fair Trading or WorkCover and has the relevant qualifications and proven experience in costing development works at least to a similar scale and type as proposed, or
8. a practising registered landscape architect who has proven experience in costing development works at least to a similar scale and type as proposed, or
9. a practising structural, civil, electrical, mechanical or building services engineer who is registered with the National Engineering Registration Board and who has proven experience in costing development works at least to a similar scale and type as proposed.

The City will use the information provided in the cost summary report, plans and any supporting evidence to determine the proposed cost of carrying out the development and the amount of monetary contribution payable.

Developments where the cost of the proposed development is below \$250,000

For developments where the cost of the proposed development is below \$250,000, the City may request that you provide a cost summary report to demonstrate the costs estimated.

3 Exclusions from development cost

Section 208(4) of the Environmental Planning and Assessment Regulation 2021¹ (“the Regulation”) states that the following costs and expenses must not be included in an estimate or determination of the proposed cost:

- (a) the cost of the land on which the development will be carried out,
- (b) the costs of repairs to a building or works on the land that will be kept in connection with the development,
- (c) the costs associated with marketing or financing the development, including interest on loans,
- (d) the costs associated with legal work carried out, or to be carried out, in connection with the development,
- (e) project management costs associated with the development,
- (f) the cost of building insurance for the development,
- (g) the costs of fittings and furnishings, including refitting or refurbishing, associated with the development, except if the development involves an enlargement, expansion or intensification of a current use of land,
- (h) the costs of commercial stock inventory,
- (i) the taxes, levies or charges, excluding GST, paid or payable in connection with the development by or under a law,
- (j) the costs of enabling access by people with a disability to the development,
- (k) the costs of energy and water efficiency measures associated with the development,
- (l) the costs of development that is provided as affordable housing,
- (m) the costs of development that is the adaptive reuse of a heritage item.

In preparing a cost summary report, the City requires applicants to provide cost estimates of certain items they are seeking to exclude from the development cost, along with evidence in relation to the proposed exclusion.

For example, if an applicant is seeking to exclude the cost of fittings and furnishings from the development cost, the applicant must provide the City with evidence to confirm that the proposed development will not result in an enlargement, expansion or intensification of a current use of land. This evidence could include:

- existing and proposed floor plans;
- information on existing and proposed hours of operation;
- information on existing and proposed worker / visitor / patron numbers or venue capacity.

If the applicant does not provide any evidence or provides insufficient evidence in relation to items that they are seeking to exclude from the development cost, the City reserves the right to include that item in the development cost.



CBD cycleways

¹ Formerly Clause 25J(3) of the Environmental Planning and Assessment Regulation 2000

What are fittings and furnishings?

Section 208(4)(g) of the Regulation allows for the cost of “fittings and furnishings” to be excluded from the development cost. These items are not defined in the Environmental Planning and Assessment Act or Regulation. Based on the application of the National Construction Code and dictionary definitions, the City has created the following guidance:

- “fittings” are items which are fixed or fastened in position within the area of the finished surfaces of the walls of a room; and
- “furnishings” are movable items such as furniture, blinds or curtains.

The City interprets “refitting and refurbishing” as specifically relating to fittings and furnishings rather than refitting and refurbishing works in general.

Applying these interpretations, a number of work items involved in fitouts and / or alteration works are not fittings and furnishings and therefore should be included in the calculation of the development cost. For example, the following items are not fittings and furnishings:

- partitions (if they create spaces or enclose spaces into rooms);
- doors;
- joinery;
- wall, floor and ceiling finishes such as carpeting, tiles and painting;
- hydraulic/fire/electrical/plumbing/communication/mechanical/security services.

This list is not intended to be exhaustive.

4 Calculation of the s7.12 contribution amount owing

The City will determine the development cost by taking into consideration the applicant's estimate and any claimed exclusions, and will then issue the applicant with a letter confirming the s7.12 contribution amount to be paid. This letter is the “Statement of Contributions Owing”.

Where the City considers that an estimated cost is understated based on its assessment from building cost indicator sources (eg. Rawlinsons Australian Construction Handbook, Cordell's Building Costs guides) and / or relevant provisions of the Regulations, the applicant will be required to justify the estimated cost by providing a full breakdown of the estimated building costs or other requested information. The City may, at the applicant's expense, engage a quantity surveyor or other suitably qualified person to undertake an independent review of the information submitted by the applicant. The City may reject an applicant's cost summary report if it is not satisfied that the estimate provided is genuine and accurate.

Once the City issues the “Statement of Contributions Owing”, if the contribution is not paid within 3 months from the date of issue of the Statement, the applicant must provide the City with a revised cost summary report. The City will then provide the applicant with a revised Statement of Contributions owing.

There are no appeal provisions in the Regulation regarding the City's determination of the proposed cost of carrying out the development and the amount of monetary contribution to be paid.

Where can I get more information?

For further information:

- Visit the City of Sydney's website at:
<https://www.cityofsydney.nsw.gov.au/development-contributions/central-sydney-development-contributions-plan-2020>