

**SYDNEY**

Level 7, 68 Pitt Street  
Sydney NSW 2000  
P 02 9270 1000

04 March 2020

**Sutherland Shire Council**  
**C/- Root Partnerships**  
Level 2, 14 Martin Place  
SYDNEY. NSW 2000

Attention: Mr Brayden Kenny

Dear Brayden,

**RE: Proposed Works to Sutherland Entertainment Centre**

We hereby certify that the estimated Capital Investment Value (CIV) based on information available as at the date of this letter is:

**Thirty-Three Million, Seven Hundred and Forty-Three Thousand, Seven Hundred and Eighty-Two Dollars (\$33,743,782) excluding GST.**

**This estimate is based on the Schematic Design as formulated by the Project Architect, NBRS/CHROFI Architects which is inclusive of:**

- Building and Construction Works (including Group 3 Theatre Equipment)
- Preliminaries & Builder's Overhead & Margin
- Authority Fees
- Professional Fees
- Contingency

Refer enclosed for breakdown of costs in accordance with the Schematic Design.

The definition of CIV is as per the NSW Environmental Planning and Assessment regulation 2000 and amended by Planning Circular PS10-008 issued 10th May 2010 (refer attached).

Under the definition the estimated CIV excludes GST.

The applicable GST based on the estimated CIV stated above is \$3,374,378.20

The total of estimated CIV and applicable GST is \$37,118,160.20

Estimate of Job Creation during construction:

MBM estimate 144 jobs will be created by the future development during construction as per the following calculation:

$\$1,000,000 \times 50\% = \$500,000$  (labour cost)

$\$500,000 / \$70$  per hr = 7,142 hrs

$7,142 \text{ hours} / 1,680\text{hrs}$  (1 person = 40hrs x 42 weeks) = 4.25 jobs per million dollars

$4.25 \text{ jobs} \times \$33.744\text{m} = 144 \text{ jobs}$

Should you have any queries or require further information please do not hesitate to contact me.

Yours sincerely,

**MBMpl Pty Ltd**



**Paul Janes**

**Director**



# SUMMARY



Client: Sutherland Shire Council

Details:

Project: Sutherland Entertainment Centre Upgrade

0925-0017

Date - 22/01/2020

Code	Description	Page	% of Cost	Cost/m2	Total
1	Title Page	5			0
2	Consultants	5			0
3	Basis of Cost Plan	5			0
4	Exclusions	6			0
5	Demolition	7	1.28		431,045
6	Basement	9	1.19		401,643
7	Substructure	10	0.06		19,000
8	Upper Floors	10	0.93		314,975
9	Columns				INCL
10	Stairs / Steps	11	0.51		171,000
11	Roof including framing, sheeting etc	11	2.23		750,955
12	Structural Elements	12	12.95		4,369,539
13	External Walls & External Screens & Linings	16	2.93		988,220
14	External Doors	16	0.31		105,700
15	Windows	17	2.92		986,550
16	Internal Walls including linings	17	1.44		485,430
17	Internal Screens	18	0.35		116,750
18	Internal Doors	19	1.23		413,700
19	Wall Finishes	20	2.05		692,385
20	Ceiling Finishes	21	2.59		873,725
21	Floor Finishes	22	2.00		674,700
22	Signage	23	0.37		125,000
23	Fitments and Joinery	24	2.52		849,050
24	Hydraulic Services (Including Hydraulic Fitments)	24	1.78		601,650
25	Mechanical Services (Now including BMS)	25	8.04		2,711,475
26	Fire Protection Services	25	1.47		497,521
27	Electrical Services	25	4.98		1,680,909
28	Communications	26	0.42		140,884
29	Vertical Transportation	26	1.46		493,500
30	Special Services	26	0.58		197,237
31	Landscaping and Improvements	26	0.49		166,160
32	Stormwater	27	0.62		210,000
33	Sewer (Moved to the hydraulics section)				INCL
34	Infrastructure Upgrade Generally	27	1.09		367,500
35	Furniture Fittings and Equipment (Theatre equipment, Orchestra lift and Infrastructure)	28	2.66		896,981
36	Kitchen Upgrades	28	0.18		59,500
37	Orchestra Pit (Remove as per VM Schedule)	28			0
38	Second Foyer Lift	29	0.51		171,150
39	Cafe Services	29	0.10		32,500



# SUMMARY



Client: Sutherland Shire Council  
Project: Sutherland Entertainment Centre Upgrade

Details:  
0925-0017  
Date - 22/01/2020

40	Peace Park	30	2.94		993,133
41	<b>Trade Cost Total</b>		65.17		<b>21,989,466</b>
42	Builders Preliminaries and Margin		14.63		4,936,014
43	<b>Construction Cost Total</b>		79.79		<b>26,925,480</b>
44	Consultant & Authority Fees		9.08		3,063,814
45	Design Contingency		2.18		737,150
46	Construction Contingency		7.86		2,653,698
47	<b>Schematic Cost Estimate</b>		98.92		<b>33,380,142</b>
48	Escalation				EXCLUDED
49	<b>Schematic Cost Estimate (Excluding Escalation)</b>		98.92		<b>33,380,142</b>
50					
51	<b>ADDITIONAL COSTS</b>				
52	Group 3 theatre equipment	31	1.08		363,640

**Project Total (Excl GST): 33,743,782**

<b>Circular</b>	PS 10-008
<b>Issued</b>	10 May 2010
<b>Related</b>	

## New definition of capital investment value

This circular is to advise councils, developers and the community of a new definition of 'capital investment value' under the *Environmental Planning and Assessment Regulation 2000* and certain State Environmental Planning Policies.

### Introduction

A new definition of 'capital investment value' (CIV) has been included in the *Environmental Planning and Assessment Regulation 2000* (the Regulation) to provide greater certainty as to what items should be included and excluded when calculating the CIV for a project.

From 7 May 2010, this definition is to be used when considering whether Schedule 1 of the State Environmental Planning Policy (Major Development) 2005 (MD SEPP) identifies a proposal as a project to which Part 3A of the *Environmental Planning and Assessment Act 1979* (EP&A Act) applies or if it is an application to be determined by a Joint Regional Planning Panel (Regional Panel). The definition is also to be used to determine the fees payable for an application under Part 3A of the EP&A Act. It is also relevant to certain other types of development and actions covered by SEPPs that reference the term.

However it does not apply for the purpose of calculating an application fee for a Part 4 development application, which continues to use 'cost of works' (see Clause 246 of the Regulation).

On 7 May 2010, the *State Environmental Planning Policy Amendment (Capital Investment Value) 2010* (the CIV SEPP) amended several State Environmental Planning Policies (SEPPs) to ensure the definition of CIV is consistent throughout the NSW planning system.

### Changes relating to the Regulation

The amended definition is included in clause 3 of the Regulation, as follows:

**Capital investment value** of a development or project includes all costs necessary to establish and operate the project, including the design and construction of buildings, structures, associated infrastructure and fixed or mobile plant and equipment, other than the following costs:

- (a) amounts payable, or the cost of land dedicated or any other benefit provided, under a condition imposed under Division 6 or 6A of Part 4 of the *Environmental Planning and Assessment Act* or a planning agreement under that Division
- (b) costs relating to any part of the development or project that is the subject of a separate development consent or project approval
- (c) land costs (including any costs of marketing and selling land)
- (d) GST (as defined by *A New Tax System (Goods and Services Tax) Act 1999* of the Commonwealth).

The main change to the definition is a clear direction that the following items should be excluded when calculating the CIV for a development:

- Development contributions - it is not appropriate to include development contribution charges in calculating the capital investment value. These charges are considered an external cost that should not contribute to the value of the development or be included for the purpose of calculating the project fees or other developer charges.

- Costs relating to any part of the development or project that is, or will be, the subject of a separate development consent or project approval – the capital investment value of the development must only include those works that are subject to the current application, not prior or subsequent applications.

## **CIV made consistent in all SEPPs**

The CIV SEPP amends:

- MD SEPP
- Statement Environmental Planning Policy (Sydney Regional Growth Centres ) 2006
- State Environmental Planning Policy (Infrastructure) 2007, and
- State Environmental Planning Policy (Western Sydney Parklands) 2009.

These instruments are amended to ensure CIV has the same meaning as in the Regulation (as above).

## **Recent court case on CIV**

The recent Land and Environment Court judgment, *Calardu Penrith Pty Ltd v Penrith City Council* [2010] NSWLEC 50 Pty Ltd was partly concerned with the calculation of CIV. Although the judgement did not consider the amended definition of CIV, it provides relevant principles when calculating CIV, as follows:

- The included costs must relate to works contemplated in the application
- The CIV of a proposed development is to be calculated at the time of lodgement of the application for the purposes of determining whether an application should go to a Regional Panel
- CIV is expressly concerned with “costs” that are of a capital nature
- Those costs do not need to be incurred by the proponent/ applicant
- There must be sufficient evidence to support the amounts, and considerable weight should be given to amounts that have been contractually agreed upon
- Finance costs should not be included.

## **Determination of CIV**

- The calculation of CIV under clause 13B of the MD SEPP is one of fact; it is not subject to the ‘opinion’ of either the Council or the Regional Panel. Any disagreement about the CIV should be resolved objectively by a quantity surveyor.
- The Minister has the sole responsibility for forming the opinion if a development is a project to which Part 3A applies. Once such an opinion is formed, the project remains a Part 3A project regardless of any subsequent variations to CIV (or other relevant factor).

## **Staged development**

When calculating the CIV for a staged development, the CIV of the separate applications comprising the overall staged development must be considered in determining the CIV for that development. However,

an application can only be ‘staged’ at the request of the applicant.

## **Calculating CIV**

The following information is provided as a guide to assist in establishing the types of costs that should be included and excluded when calculating CIV. The following information is not exhaustive and should be considered as a general guide based on the amended definition and the relevant matters raised in the recent court case.

### **Design and construction**

The calculation of CIV should include the amount required to design and construct all buildings and other facilities that are part of/ included in the application, including any temporary buildings that will be used during the construction phase.

### **Structures and infrastructure**

CIV should include all costs incurred from the construction of associated structures and infrastructure that are the subject of the current application. These costs include any supplementary or site preparatory works such as remediation, demolition, excavation and filling, that are required for the construction of buildings, provided these works are needed to make the site suitable for construction and for the operation of the project.

### **Site services**

CIV should include the costs of providing electrical services, water, gas, sewerage and stormwater drainage, including any temporary diversions and/ or arrangements during construction, and should form part of the application.

The costs of fire protection and communications services that are reasonably required to construct and operate the project should also be included.

Site works such as landscaping, car parking, roads and footpaths should also be included.

### **Plant and equipment**

CIV should include standard building plant, such as lifts and air-conditioning, and all specialist and specific equipment related to the operation of the project, provided these are specifically included as part of the application.

Fit-out costs of a building may be included in the calculation of CIV where the costs are subject to the application. In such cases, the application would need to include specific tenancy use, and would be defined by specific reference to description in the application. Where such tenancy is not referred to or will be subject to further applications, the fit out costs should not be included.

### **Labour fees**

All labour and personnel costs, including the payment of long service levies and other associated construction and labour costs should be included in the calculation of the CIV.

### **Other fees**

Costs such as finance application fees, mortgage stamp duty, fees paid to register strata titles or to amalgamate land prior to development, and interest payable on the loans associated with the development should be excluded in the calculation of CIV.

### **Further information**

A copy of the amended Regulation and relevant SEPPs are available on the NSW legislation website:

<http://www.legislation.nsw.gov.au>

If you have further enquiries, please contact:

NSW Department of Planning  
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GPO Box 39, Sydney NSW 2001  
Tel: 02 9228 6111 Fax: 02 9228 6455

Email: [information@planning.nsw.gov.au](mailto:information@planning.nsw.gov.au)

Note: This and other Department of Planning circulars are published on the web at <http://www.planning.nsw.gov.au/PlanningSystem/Circularsandguidelines/tabid/69/language/en-US/Default.aspx>

### **Authorised by:**

Sam Haddad  
Director-General  
NSW Department of Planning

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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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