

Construction Type

Construction Type	Level of Finish		
	Low	Medium	High
Residential			
3br brick veneer project home, level block, shelf design	\$885	\$1,095	\$1,371
Architecturally designed executive residence	\$1,862	\$2,864	\$4,450
3br, 2 level brick veneer townhouse, including allowance for common property.....	\$1,106	\$1,285	\$1,844
3 level walk-up unit complex, concrete structure ground floor parking.....	\$1,248	\$1,502	\$1,950
Multi-level apartment building, including lift and basement car parking	\$1,422	\$1,791	\$2,687
Commercial			
1-2 level open plan offices, including A/C, excluding fitout	\$1,023	\$1,319	\$1,975
1-4 level open plan offices, including A/C & lifts, excluding fitout	\$1,140	\$1,339	\$2,033
4-8 level open plan offices, including A/C & lifts, excluding fitout	\$1,440	\$1,779	\$2,102
8 levels and over, including A/C & lifts, excluding fitout	\$1,862	\$2,251	\$2,718
Industrial			
High Bay Warehouse, standard config, concrete floor, metal clad (size to 3500sqm)	\$635	\$702	\$812
High Bay Warehouse, standard config, concrete floor, metal clad (size > 3500sqm).....	\$562	\$659	\$775
High Bay Warehouse, standard config, concrete floor, pre-cast concrete wall clad (size to 3500sqm).....	\$671	\$775	\$1074
High Bay Warehouse, standard config, concrete floor, pre-cast concrete wall clad (size > 3500sqm)	\$653	\$734	\$1003
Retail			
Suburban shopping mall area including A/C	\$1,166	\$1,432	\$1,688
Bulky goods centre, concrete tiltup construction, including A/C, excluding fitout	\$925	\$1,150	\$1,280
Supermarket, including A/C, excluding fitout	\$1,011	\$1,107	\$1,286
Specialty shops, including A/C, excluding fitout	\$702	\$820	\$935
Hotels/Motels			
Single level boutique motel, including A/C, guest facilities.....	\$1,615	\$2,026	\$2,647
Single level tavern/hotel, including A/C, excluding loose item fitout	\$1,415	\$1,777	\$1,939
Licensed club, including A/C, bar, lounge, rec facilities	\$1,355	\$1,739	\$1,869
Multi-level, 3 star hotel including A/C, restaurant, bar, common facilities	\$2,096	\$2,247	\$2,345

The Calculation of Construction Costs

The above costs are calculated based on a Gross Floor Area (GFA) rate. Typically GFA can be defined as the sum of the fully enclosed covered floor area and the unenclosed covered floor area of a building at all floor levels, measured in a square metre rate. GFA consists of two elements:

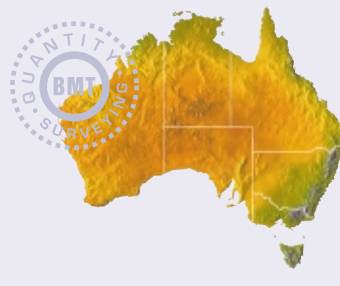
- Fully Enclosed Covered Area (FECA) ■ Unenclosed Covered Area (UCA)

FECA:	UCA:
Includes items such as:	Includes items such as:
■ Basements	■ Roofed balconies
■ Attics	■ Open verandahs
■ Garages	■ Porches and porticos
■ Penthouses	■ Attached covered walkways
■ Lift shafts	■ Usable space under buildings.
■ Staircases	
■ Columns and piers.	

Costs provided are an average price for typical buildings as at the date of publication, allowing for preliminaries, builders profit and overheads. Costs can provide no more than a rough guide to the probable cost of building, as costs can vary significantly based on site conditions, level of fitout and design.

Regional Variations

Cairns	108 - 120%
Brisbane	105 - 115%
Sydney	100%
Canberra	96 - 104%
Melbourne	98 - 108%
Adelaide	98 - 110%
Perth	100- 120%
Hobart	87 - 97%



For further construction cost details please refer to our website www.bmtqs.com.au

Disclaimer

The Construction Costs herein are published on and should be read subject to the following conditions:

- Construction costs are published as a matter of interest only and are not intended to be relied upon by readers. In any situations which may be similar to matters herein readers should exercise and rely upon their own judgement.
- Neither BMT & ASSOC nor any of its officers or employees bear any responsibility for any error in the material published in this publication or in any previous publication, or for any damage or loss resulting from any reliance on any material published in this publication or in any previous publication.
- Construction costs are not intended for tendering or pricing variations. They are average prices in the Metropolitan Area and should be adjusted with reference to specific conditions. The rates include the cost of labour and material, waste, hoisting, fixing in position and for profit. The profit allowance is based on the prevailing market conditions in each capital city.
- These Construction Costs were produced prior to publication and due allowance should be made in this regard to the rates shown.
- The rates exclude any allowance for Goods and Services Tax including compliance cost. Costs exclude land, demolition and any work outside the footprint of the building. This newsletter is issued as a helpful guide and is not intended to, and does not cover all aspects of the topics discussed. Professional advice should be sought before any action upon these topics is undertaken.

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Capital Works Allowance & Tax Depreciation

Benefits exist for numerous individuals

A quantity surveyor is recognised by the Australian Taxation Office (ATO) under TR 97/25A as appropriately qualified to estimate construction costs of a building for taxation purposes. A Capital Allowance & Tax Depreciation Report should be obtained in order to maximise the available tax credits along with ensuring claims are in accordance with all relevant ATO rulings and legislation.

Numerous individuals with a vested interest in the property industry may require a Capital Allowance & Tax Depreciation Report. These include:

■ **Investors:** A Capital Allowance & Tax Depreciation Report is an assessment of the depreciation obtainable from a property. This document illustrates to the investor the maximum depreciation benefits available. This document is recognised by the ATO and is suitable for use in a tax return.

■ **Accountants:** BMT & ASSOC identify the maximum Plant and Equipment (Division 40) and provide accurate construction figures for the Capital Works Allowance (Division 43). BMT & ASSOC is the preferred supplier of Capital Allowance & Tax Depreciation reporting services for the National Tax & Accountants' Association (NTAA), offering accountants a user friendly report that maximises client's deductions.

■ **Real Estate Agents:** Maximising tax depreciation on investment properties is becoming more widely recognised as a lucrative means to increase the return from owning an investment property. Astute investors often request depreciation figures when selecting an investment property. When selling or managing property, in conjunction with BMT & ASSOC, real estate agents will have more tools to offer a specialised and value adding service to clients and potential clients.

■ **Developers:** Capital Allowance & Tax Depreciation estimates can be produced for a development complex, demonstrating the maximum and minimum range of depreciation for marketing purposes. The report will show the expected depreciable plant and equipment within the building and the capital works allowance. This document can be presented to potential purchasers. BMT & ASSOC provide enough scenarios to cover the range of property available for purchase within the development, often assisting with early sales.

Whether you are a property investor, accountant, real estate agent or developer, BMT & ASSOC can provide a Capital Allowance & Tax Depreciation report or estimate to meet your requirements.



Inside this issue

- Capital Works Allowance & Tax Depreciation - the benefits
- Capital Works Allowance & Tax Depreciation - amending a claim

- Finance Submission Reports
- Quantity Surveyors role in the design and development process
- Construction Costs



Capital Works Allowance & Tax Depreciation: Amending a Claim

Changes in Legislation

Until recent changes to the Income Tax Assessment Act 1936 (ITAA 1936), property investors generally had up to 4 years within which they could amend a tax return for a particular income year. Property investors may find that when an inadequate Capital Allowance & Tax Depreciation report is reviewed and updated by a qualified quantity surveyor, they may need to amend a return for a prior year.

However, based on recent changes to the ITAA 1936, property investors now generally have only 2 years within which they can amend a tax return. This change affects tax returns for the 2004-05 or a later income year.

This highlights the need for property investors to consider the following key points:

- If in doubt over a previous tax depreciation claim investors should consult a quantity surveyor promptly, to assess the benefit in amending prior year claims.
- When instructing a quantity surveyor to complete a Capital Allowance & Tax Depreciation report investors should ensure that the report is going to be accurate in the first instance, removing the requirement to have to amend prior year claims or indeed miss out on legitimate deductions.

BMT & ASSOC is able to assess a report prepared for an investor's tax return. Similarly when BMT & ASSOC is instructed to complete a report for an investor they can be confident that all legitimate deductions will be reported: per financial year, for 40 financial years or for the lifetime of the investment property.

Finance Submission Report

Assisting in the proposal for development finance

Developers are required to provide financiers with a significant amount of project information in order to obtain finance. Often developers fail in their bid for finance because the application is lacking in project specific information, details on potential return and anticipated milestone/completion dates.

BMT & ASSOC are able to provide developers with a Finance Submission Report. Specifically designed to address financier funding requirements, whilst presenting the details in a manner that better facilitates the establishment of the loan facility.

This report details the specifics that a financier will require to assess a finance application, namely:

- An executive summary of the development proposal;
- Costings and associated expenses to commence work;
- Applicant details (including company structure where applicable);
- Précis of the development;
- Current status of lot/lots;
- Sales records and data;
- Assets and liabilities; and
- A feasibility study: including consolidated profit and loss, finance establishment costs, sales and marketing costs, government and conveyancing fees and construction cost estimates.

This report enables developers to submit all the information required for a finance application in a concise and professional manner. The report also allows financiers the ability to rigorously assess the finance application.

The Quantity Surveyors role in the design and development process

Involvement in designing to a cost, rather than costing a design

Significant domestic and international increases in demand for building materials has led suppliers to request greater prices for their product. This combined with a lack of skilled labour, high world oil prices and soaring domestic labour costs has seen unprecedented increases in the cost of all types of construction across the sector, and the margins of builders come under serious pressure.

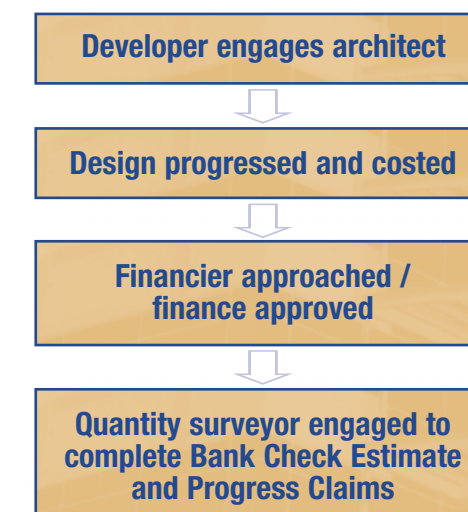
The quantity surveying profession has long been a source of expert advice on construction costs. The engagement of a qualified quantity surveyor enables a client to address material and labour price increases through value management processes that provide the following:

- Solutions that enable a developer to design and construct utilising materials that provide cost savings, while maintaining the intended quality and integrity of the product. For example, replacing non-load bearing concrete areas with hebel panels.
- Suggesting and providing cost options for areas where pre-fabricated products may be able to replace labour intensive onsite activities. For example, utilising pre-fabricated fibre cement wall panels instead of brickwork on internal walls, offering a significant time and potential cost benefit.
- Labour and time related preliminary costs can be reduced significantly by utilising offsite manufactured materials and pre-fabricated products, such as:
 - Pre-fabricated flooring, reducing the volume of concrete used in floorslabs. Effective application of products such as these offer time, cost and labour advantages, and can often enhance the quality of the finished product.
 - Pre-fabricated formwork assists in the vertical application of concrete, once again this offers time, cost and labour advantages.

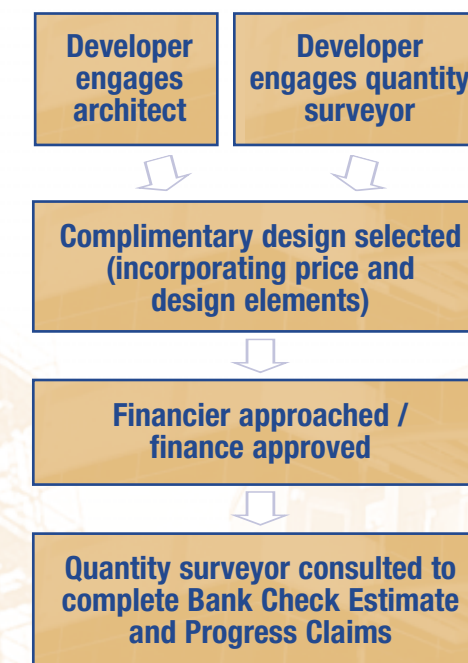
The above items suggest areas to reduce construction costs once in a project's construction phase. Price and margin pressures have led developers to seek the services of a quantity surveyor earlier in the design process. The following models demonstrate the evolving nature of the role of a quantity surveyor in the design phase of a project.

As the following models demonstrate, traditionally, a design would be costed and developed before a quantity surveyor has the

Traditional model of a quantity surveyors involvement in the design and development process:



Modern model of a quantity surveyors involvement in the design and development process:



opportunity to suggest design alterations providing significant cost savings. It is becoming regular practice for a quantity surveyor to communicate with architects and engineers at the initiation and design stage of a project, devising alternative systems of design that provide the most cost effective solution available. The effective use of this process ensures complimentary design, materials and labour are implemented and the greatest available value is achieved.

