

Version No:	1.0
Responsible Officer/s	Director of Env Services
Issued:	6 August 2018
Next Review:	August 2022

1. Purpose

The purpose of this policy is to ensure that infrastructure associated with a development is completed without any unnecessary imposition on the Council or the community.

Bonds and bank guarantees are required as security for prescribed works undertaken and are a condition of a development approval or subdivision under the planning scheme. This policy outlines the requirements that will apply within the District Council of Grant and provides consistency and a clear framework for current and future developers.

Further, the policy aims to facilitate the release of property titles prior to the completion of infrastructure, while ensuring that the subdivision is completed in a timely manner. This provides the opportunity for developers to release allotments within subdivisions in stages, assisting the developer financially.

2. Scope

This policy applies to development applications approved by the Council within the Council area where infrastructure forms part of the application. The types of bonds and guarantees include Outstanding Works Bonds and Maintenance Bonds.

3. Definitions

Developer – Any party or individual undertaking development works related to a development approval.

Maintenance Bond – Security provided by a developer that guarantees against defective materials or workmanship.

Outstanding Works Bond – Security provided by a developer if they wish to enter into contracts for the sale of stages of the subdivision prior to the completion of infrastructure works. This bond is required to be approved by the Council.

Prescribed Works – Any work/s related to a development approval, which are intended to become a Council asset, or which would expect to create an impact of any sort on properties adjoining or in close proximity to the proposed works.

4. Bonding Arrangements

4.1. Outstanding Works Bond

The Council may arrange a bond for infrastructure works to be provided by a developer prior to the issue of the Certificate of Practical Completion to allow the early release of a sub division.

This process enables developers of land to obtain early release of titles and enter into contracts for the sale of allotments requiring further development works subject to meeting the Councils' requirements.

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4.1.1. Calculation of an Outstanding Works Bond

The bond is based on 150% of the construction cost of the works, with a minimum bond amount of \$10,000 (GST inclusive).

The construction cost shall be based on the submission of written quote(s) from a suitably qualified, licensed and insured contractor independent from the developer.

4.1.2. Payment/Lodging of an Outstanding Works Bond with the Council

The Council will accept the following types of payment methods as acceptable for lodging an Outstanding Works Bond:

- Cash/Direct Deposit or Cheque
- A guarantee from a recognised financial institution

Bonds will be received and held in accordance with the Councils' accounting and document control policies.

No interest will accrue on cash deposits.

4.1.3. Period of an Outstanding Works Bond

An outstanding works bond will be held for up to six (6) months. A request from the developer to extend the period beyond six (6) months must be received in writing and supported by a works based justification and is subject to approval by the Council's Director of Environmental Services.

4.1.4. Release of Outstanding Works Bond

At any time during the six (6) month period once the outstanding works are completed, the developer can request that the bond be released. A delegated Council officer will undertake an inspection to ensure that the outstanding works have been completed to a satisfactory standard, or where the outstanding works involved road construction, then inspections will be carried out in accordance with Council Policy *WKSPOL 15 Design, Construction and Development of Infrastructure Assets*.

If all outstanding works have been completed, the Council will issue a Certificate of Practical Completion and release the bond, subject to Clause 4.2 Maintenance Bonds.

The Council will not release any bond to any third parties without the written consent of the land owner/developer.

If at the end of the six (6) month period there are still outstanding works to complete and no extension has been agreed, then the Council may complete the outstanding works and draw on the full amount of the bond. The Council will notify the developer in writing prior to commencing works and on completion of works.

4.2. Maintenance Bonds

A Maintenance Bond is applied to works that have been undertaken and is in place for a period of twelve (12) months. Maintenance Bonds may be extended if required.

4.2.1. Calculation of a Maintenance Bond

On all developments approved by the Council that involve civil construction works, the Council requires a Maintenance Bond of 5% of the full contract sum or estimated construction cost, as determined by Council Officers.

Alternatively an application for the 5% bond value for the civil works construction component of the subdivision can be determined by the developers supervising engineer and will be subject to a review by the Council prior to acceptance.

The supervising engineer will be required to provide appropriate documentation detailing how the value of the works has been calculated. Further documentation and/or calculations may be required as determined by the Council.

The below table outlines the value of works and the level of security required by the Council as a Maintenance Bond.

Value of Work (\$) (GST inclusive)	Value of Security (\$) (GST inclusive)
\$0 - \$5,000	No bonds for infrastructure works required.
\$5,000 and above	5% of the full contract sum or estimated construction cost to be secured by the bond.

The cost of establishing and maintaining the bond or guarantee will be the sole responsibility of the developer.

4.2.2. Payment/Lodging of a Maintenance Bond with the Council

The Maintenance Bond must be paid to Council by the developer within seven (7) days of issuing the Certificate of Practical Completion.

The Council will accept the following types of payment methods as acceptable for lodging a Maintenance Bond:

- Cash/Direct Deposit or Cheque
- A guarantee from a recognised financial institution

Bonds will be received and held in accordance with the Councils' accounting and document control policies.

No interest will accrue on cash deposits.

4.2.3. Release of Maintenance Bonds

At the completion of the defect period, delegated Council Officers will inspect the development to ensure that any identified defects have been rectified and no new defects have emerged.

If there are defects yet to be rectified, the Council will extend the defect period for up to an additional six (6) months. The Council will advise the developer in writing.

If the defects are rectified within this second period, then the Council will release the bond.

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If the defects are not rectified within this second period, the Council will rectify the defects and recover the expenses by drawing on the bond, which may be part or full value of the bond. The Council will notify the developer prior to commencing works and also on the completion of works.

If the defect is identified as high risk, the Council will notify the developer in writing of the need to rectify the defect/s and may draw upon the bond at any time.

If all defects have been rectified, the Council will release the bond. The Council will not release any bond to any third parties without the written consent of the developer.

5. Goods and Services Tax

All calculations for bond amounts are to be based on the GST inclusive cost/value of works.

Bonds are to be paid to Council inclusive of GST and will be treated in the same manner upon return.

6. Responsibilities

Director of Environmental Services
Works Manager

7. References

Development Act 1993
Development Regulations 2008
Local Government Act 1934 and Local Government Act 1999

8. Review

This policy will be formally reviewed by Council at a minimum every four (4) years, or on significant change to legislation or other matters which could affect this policy.

Action	Date	Minute Reference
Adopted by Council	6 August 2018	18115.2.1