



SORELL COUNCIL BOND POLICY

TITLE:	Sorell Council Bond Policy
RESPONSIBLE OFFICER:	Manager Engineering and Regulatory Services
APPROVED BY COUNCIL:	August 2014
RESOLUTION NO:	
AMENDED ON:	AUG & SEPT 2016, May 2019
RESOLUTION NUMBER:	84/2019
REVIEW DATE:	May 2022

PURPOSE OF POLICY:

The objective of this policy is to provide for the adequate provision of services and public infrastructure. The policy replaces the *'Development Subdivision Policy'*.

SCOPE:

This policy relates to all applications for development and subdivision determined by or on behalf of the Sorell Council.

POLICY

DEFINITIONS:

In this Policy, the following terms have the following meanings:

“Council” means the Sorell Council;

“Defects Liability/Early Title Bond Agreement” means an agreement in the terms annexed hereto and marked **‘A’**;

“Defects Liability Period” means the period of time during which a developer shall be responsible for the rectification of defects associated with civil works that will become assets owned and maintainable by Council;

“Developer” means the holder of a permit for use and/or development issued by Council pursuant to the *Land Use Planning and Approvals Act 1993* (Tas);

“Early Title” means the early endorsement of the Final Plan of Survey prior to all relevant works being completed on site by the developer/contractor, assuming *substantial commencement* has occurred.

“Final Plan of Survey” means the final plan submitted to Council for sealing and lodgement with the Recorder of Titles pursuant to S.89 of the *Local Government (Building and Miscellaneous Provisions) Act 1993* (Tas);

“General Manager” means the person occupying the position of General Manager of the Sorell Council appointed in accordance with the *Local Government Act 1993* (Tas);

“Outstanding Works Bond Agreement” means an agreement in the terms annexed hereto and marked **‘B’**;

“Policy” is a reference to this policy; and

“Protection of Council Infrastructure Bond Agreement” means an agreement in the terms annexed hereto and marked **‘C’**.

1. Civil Works - Defects Liability Period

- 1.1. Where private civil works become Council assets, the Developer will be responsible for the rectification of any defects in those works which become apparent within a Defects Liability Period of twelve (12) months commencing on the date that all relevant civil works are certified by Council's General Manager as being complete. Council may require an extension of the Defects Liability Period if defects with the works are identified during the initial Defects Liability Period.
- 1.2. Where private civil works become Council assets, the Developer will be wholly responsible for:
 - (a) maintaining those assets for the duration of the Defects Liability Period or as otherwise conditioned;
 - (b) the costs of such maintenance; and
 - (c) documenting the required ongoing maintenance schedule and requirements as required.
- 1.3. Where private civil works become Council assets, Council will require the Developer to provide security to Council for the duration of the Defects Liability Period. Such security may be in the form of either:
 - (a) a cash bond; or
 - (b) an unconditional bank guarantee from a reputable financial institution carrying on business in Australia.
- 1.4. The value of the security provided by the Developer pursuant to paragraph 1.4 must be equal to ten percent (10%) of the Total Value of the relevant works. The Total Value of the relevant works is equal to:
 - (a) the agreed value of the relevant works (referred to in this clause 1.4 as the "Agreed Value"); plus
 - (b) a contingency sum equal to ten percent (10%) of the Agreed Value.
- 1.5. Council will not pay interest to a Developer with respect to any security held in the form of a cash bond.
- 1.6. Where a Defects Liability Period applies, the developer must enter into a Defects Liability Bond Agreement with Council to ensure compliance with the requirements of this Policy.

- 1.7. Notwithstanding clause 1.4 of this Policy, the minimum value of any security provided pursuant to paragraph 1.4 of this Policy will be equal to the amount of FIVE THOUSAND DOLLARS (\$5000.00).

2. Early Endorsement of Final Plan of Survey

- 2.1. Council may permit the endorsement of a Final Plan of Survey prior to the completion of all relevant works on the following basis:

- (a) subdivision works must be substantially completed, with only minor works outstanding (e.g. final course of road surfacing, street signs and footpaths);
- (b) drainage and access works must be operational;
- (c) ordinarily, deferred completion of subdivision works will only be permitted for works that subsequently become owned by the Council. For works that subsequently become owned by an authority other than Council the developer must submit a letter of release to Council from the relevant authority;
- (d) as-constructed plans for completed works must be submitted to Council prior to endorsement of the final plan;
- (e) all outstanding works must be completed within six (6) months of the endorsement of the Final Plan of Survey;
- (f) a schedule of costs of works completed by the Developer's engineer must be provided to Council;
- (g) security for outstanding works must be provided to Council prior to endorsement of the Final Plan of Survey in the form of:
 - i. a cash bond; or
 - ii. an unconditional bank guarantee from a reputable financial institution carrying on business in Australia;
- (h) the amount of the security referred to in paragraph 2.1(g) of this Policy shall be not less than 1.5 times the agreed Total Value of the relevant outstanding works. This amount may be reduced to 1.25 times the agreed Total Value of the relevant outstanding works if this value is greater than \$100,000 and is approved by Council's General Manager. The Total Value of the relevant outstanding works is equal to:
 - i. the agreed value of the relevant outstanding works (referred to in this clause 2.1 as the "Agreed Value"); plus

- ii. a contingency fee equal to fifty percent (50%) of the Agreed Value, or this may be reduced to twenty five percent (25%) where the Agreed Value is greater than \$100,000 if approved by the General Manager.
- 2.2. Where Council permits the endorsement of a Final Plan of Survey prior to the completion of all relevant works, the developer must enter into an Outstanding Works Bond Agreement with Council to ensure compliance with the requirements of this Policy.
- 2.3. Notwithstanding clause 2.1(h) of this Policy, the minimum value of any security provided pursuant to paragraph 2.1(g) of this Policy will be equal to the amount of FIVE THOUSAND DOLLARS (\$5000.00).

3. Protection of Council Services and Infrastructure (not including Building Application bonds)

- 3.1. Where the General Manager reasonably believes that any subdivision or development works pose a risk of causing injury or damage to any existing council services or infrastructure (e.g. kerb, guttering, footpaths, grass verges, service lines and the like), Council may require payment by the Developer of a security bond against any such damage.
- 3.2. If required by Council, the security bond may be in the form of either:
 - (a) a cash bond in an amount to be determined by the General Manager; or
 - (b) an unconditional bank guarantee from a reputable financial institution carrying on business in Australia in an amount to be determined by the General Manager;
- 3.3. The security bond will not be released by Council until:
 - (a) the General Manager is satisfied that the relevant works have been completed and no damage has been caused to any Council services or infrastructure; or
 - (b) any damage occasioned to Council services or infrastructure has been remedied to the satisfaction of the General Manager.
- 3.4. In the event that Council services or infrastructure are damaged and not repaired within a reasonable timeframe (but not exceeding sixty (60) days) the General Manager may, without giving notice to the Developer, apply the security bond towards repairing the relevant damage.
- 3.5. Where Council requires a security bond pursuant to clause 3.1 of this Policy, the developer must enter into a Protection of Council Infrastructure Bond Agreement with Council to ensure compliance with the requirements of this Policy.

4. Administration Fee

- 4.1. Council may charge administration fees for the establishment and/or variation of any of the security bonds and/or guarantee set out in this Policy. The fee shall be as follows:
- (a) ONE HUNDRED & FIFTY DOLLARS (\$150.00) for any initial security bonds and/or guarantees;
 - (b) ONE HUNDRED & FIFTY DOLLARS (\$150.00) for any subsequent security bonds and/or guarantees; and
 - (c) ONE HUNDRED & FIFTY DOLLARS (\$150.00) for any variation to existing security bonds and/or guarantees.
- 4.2. Council may reduce or waive the requirements of paragraph 4.1 of this Policy where deemed appropriate by the General Manager or where works are deemed by the General Manager to be minor in nature.

5. Other Matters

- 5.1. All conditions of approval for subdivisions must be satisfied prior to the endorsement and sealing of the Final Plan of Survey by Council.
- 5.2. The General Manager (or their duly authorised nominee) is authorised to determine the amount of security deposits for outstanding works and to release security upon satisfactory completion and to vary the time periods for completion of works as deemed necessary.
- 5.3. The General Manager (or their duly authorised nominee) is authorised to decline to allow bonding of outstanding works where the deferred completion of works would not be in the best interests of Council or the community.
- 5.4. All requests for security (e.g. a bond or a bank guarantee) must be made to the General Manager in writing by the Developer or their duly authorised representative and must be accompanied by a schedule of costs of works completed by the Developer's engineer.
- 5.5. All requests for reduction of a guarantee are to be in writing and are to include the value of all outstanding work prepared by the Developer's engineer.

ROLES & RESPONSIBILITIES:

Compliance with this policy is the responsibility of the General Manager.

REFERENCES:

This policy is developed in association with:

- Sorell Interim Planning Scheme 2015;
- *Local Government (Building and Miscellaneous Provisions) Act 1993* (Tas)
- *Land Use Planning and Approvals Act 1993* (Tas); and
- Other prescribed legislation, as required.

Robert Higgins
GENERAL MANAGER

I,, the Developer, have read and agreed to the policy as printed above.

Signed:..... Dated:.....