

CITY OF BUNBURY

LOCAL PLANNING POLICY – *BONDS (including Development Performance Bonds, Subdivision Condition Bonds and Damage Bonds)*

PURPOSE:

To ensure compliance with all development approvals.

To enable developers to obtain early clearance of titles to lots prior to completion of construction.

To protect Council assets against damage that may occur during the development of the adjoining property.

OBJECTIVES:

To secure the satisfactory completion of developments which would normally involve the construction of car-parks, accessways, and landscaped areas or any other relevant matter.

To provide a guarantee to Council that subdivision conditions will be met or damage to Council assets repaired, or alternatively provide sufficient funds for Council to complete works should developers not carry out the works.

GUIDELINES:

Development Performance Bonds

The application of this bond shall apply to all commercial, industrial and residential developments except for residential development of two dwellings or less. The legislative basis for determining the requirement for a bond is pursuant to Clause 9.5.1 of TPS 7.

A Development Performance Bond in the form of a cash payment or bank guarantee shall be provided by the applicant in those cases where developers/applicants are required to fulfil specific conditions of approval, and in advance of the issuance of planning approval or prior to the issuance of a building licence.

The building licence will not be issued until such time as the bank guarantee has been validated and accepted by the City or the cash bond has been receipted and cleared (generally the City will be advised of dishonoured cheques within 3-4 working days of the cheque being lodged with the City).

The amount of the Development Performance Bond is as defined in Council's Schedule of Fees & Charges.

In the event that a developer fails to complete the specified works, such works may be completed by the Council, or its appointed agents, and the cost of such works shall be met in part or whole from the Development Performance Bond.

The Development Performance Bond shall not be constrained by an approval expiry date as its termination is dependent on the relevant planning condition(s) being satisfied.

The progressive review of a Development Performance Bond can be made in accordance with the relevant planning condition(s) being progressed or satisfied as considered appropriate by the City and to the satisfaction of the Manager Development Services.

Subdivision Condition Bonds

In lieu of completing certain conditions of subdivision pertaining to engineering works, the City will accept cash bonds or bank guarantees.

Bonding of subdivision conditions will be considered only if roads are constructed to sub-base level and the developer provides a written undertaking to complete the works in a timely manner.

The value of a bond for early clearance of conditions shall be calculated as the value of outstanding works plus 20%. The value may be based on the contract value of the works or on Council construction rates at the discretion of the authorised person.

The City will not issue the "Clearance of Conditions" letter until such time as the bank guarantee has been validated and accepted by the City or the cash bond has been receipted and cleared (generally the City will be advised of dishonoured cheques within 3-4 working days of the cheque being lodged with the City).

Damage Bonds

The application of this bond will apply to all development within the City of Bunbury that is seeking a building licence {ie. residential (including minor additions, swimming pool applications etc), industrial and commercial} to ensure that Council assets are protected against damage.

The amount of the Damage Bond is as defined in Council's Schedule of Fees & Charges and is required to be paid prior to the issuance of a

building licence.

The City will accept a bank guarantee or cash bond. Until such time as the bank guarantee has been validated and accepted by the City or the cash bond has been receipted and cleared (generally the City will be advised of dishonoured cheques within 3-4 working days of the cheque being lodged with the City), the building licence will not be issued.

The condition of all Council assets adjacent to the property where the development is occurring including landscaping, paths, drainage pits shall be noted at the commencement of works.

Any damage to the assets shall be made good by the developer to the satisfaction of the relevant Council Manager prior to refunding the bond. Council officers may require a site inspection to assess the condition of assets prior to refunding a bond.

If satisfactory arrangements for reinstatement of damage are not made by the applicant within 14 days of receiving notice from Council, Council may reinstate the damage and deduct any costs incurred from the bond.

Urgent safety items may be reinstated or made safe by Council immediately at the applicants cost.

General Provisions Pertaining to Bonds

- Stamp Duty must be paid on a Bank guarantee to validate it prior to its acceptance by the City.
- It is recommended that a specimen copy of the Bank Guarantee be provided to the City to ensure that the documentation is appropriate before it is finalised.
- Original bank guarantee documentation is to be retained by the City until such time as the conditions/works have been satisfied/undertaken.
- The City shall endeavour to return all cash bonds within 30 days of conditions/works having been satisfied/undertaken.
- The City shall endeavour to notify all associated parties within 30 days that the conditions/works have been satisfied/undertaken and that the Bank

Guarantee is no longer required to be held.

- Bonds shall be placed in Restricted Funds where the interest will accrue to Municipal Funds.

COUNCIL DECISION NO/ DATE: 47/03 – 18 February 2003

SOURCE OF POLICY Development Services/Engineering Services

REVIEW RESPONSIBILITY: Development Services/Engineering Services

REVIEW DATE: June Annually or As Required

Disclaimer

While all care has been taken to portray an accurate depiction of the current Local Planning Policy, no responsibility shall be taken for any omissions or errors in this document.

It is advised that the City of Bunbury, Development Services be consulted in regard to an up-to-date interpretation of the Local Planning Policy.